

Daily Report

China

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NOTICE TO READERS: An * indicates material not disseminated in electronic form. eoc

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General

UN Human Rights Conference Proceedings Reported

OW2206151793 Beijing XINHUA in English 1154
GMT 22 Jun 93

[Text] Vienna, June 22 (XINHUA)—The drafting committee of the World Human Rights Conference last night broke the deadlock over a sensitive issue after its members agreed to reaffirm the promotion and protection of all human rights as a legitimate concern.

But as drafters went into their first late-night session Monday [21 June], some delegates expressed concern that time would work against efforts to resolve the key issues still on the table, conference sources said here today.

During the first five days of the meeting, the drafting committee worked at a slow pace because the Western countries tried to put into the document some principles which are unacceptable to developing countries. They only patched agreements over a number of paragraphs of a draft riddled with some 200 brackets of disagreement.

The sources said that Monday's breakthrough concerns paragraph two of the 47-page working document the committee is attempting to refine into a final declaration by Thursday at the latest, one day before the meeting ends.

The compromise text reaffirms that human rights are "a legitimate concern of the international community and a priority objective of the United Nations."

Conference Secretary General Ibrahima Fall said yesterday afternoon that of the 26 paragraphs in Part Two, dealing with principles, the drafting committee had adopted 20 sections, deleted two and still had four to clear.

Agreement was reached over the weekend on issues concerning women, children, minorities, dismantling apartheid and the right to development.

But the drafters still have a long way to go as a separate task force dealing with a program of action is still divided over three bracketed versions of Paragraph 25, on the role non-governmental organizations should play.

Developing States' Concerns Noted

OW2206222693 Beijing XINHUA in English 1557
GMT 22 Jun 93

[Text] Vienna, June 22 (XINHUA)—Representatives of developing states at the human rights conference are expressing their concern over racism, apartheid, foreign invasion and occupation, which result in gross violations of human rights.

At the United Nations World Conference on Human Rights, which entered its ninth day today, they pointed

out that people in countries under foreign occupation or living under apartheid have not enjoyed basic human rights and freedom and called on the international community to take concrete actions to end these gross violations.

New challenges to human rights, such as new forms of racism, xenophobia and ethnic and religious fanaticism, have emerged, said 'Umar Mustafa al-Muntasir, secretary of the General Committee for External Relations of Libya.

"These phenomena become even more acute and even worse in the occupied areas and the regions of conflicts and wars," he added.

The secretary said that the new challenges can be demonstrated by what is happening to the Palestinian people under Israeli occupation.

Syrian Foreign Minister Faruq al-Shar' not only denounced the gross violations of human rights by Israel in the occupied lands, but also denounced that country's supporters for such violations.

"In the light of this inhumane reality, racism is practised more in the dark than open," he said.

Iranian Foreign Minister Mohammad Javad Zarif [title as received] also cited denial of the right to self determination and other fundamental human rights to Palestinians, and these, he said, receive reactions ranging from indifference to complicity by those who maintain a high profile in international human rights.

"We need to tackle this fundamental problems at its roots: That is the abuse of human rights for political gains," he said.

On the consequences of the armed conflict in his country, Haris Silajdzic, foreign minister of Bosnia-Herzegovina, said that 200,000 people were killed and 1.5 people displaced by the war.

Hundreds of thousands are starving at this moment, he said, and thousands of children in his country are "maimed, legless, handless, armless, and parentless."

Representatives from some Western countries also expressed concern over the gross violations of human rights as a result of racism, foreign invasion and occupation.

Johan Jorgen Holst, foreign minister of Norway, said that racism in all its manifestations and forms is among the most flagrant violations of human rights.

"Regrettably and unacceptably, racism is once again raising its ugly head in many places, including Europe," he said.

Final Document Negotiations 'Protracted'

OW2306122593 Beijing XINHUA in English 1129
GMT 23 Jun 93

[Text] Vienna, June 23 (XINHUA)—Delegates to the U.N. world conference on human rights in Vienna have devoted their attention to protracted negotiations over a final document on Wednesday [23 June], two days before the scheduled conclusion of the meeting.

Informed sources said here that Tuesday's negotiations were dominated by a proposal by Islamic nations for a vote on whether the conference should issue a separate declaration on Bosnia-Herzegovina.

Pakistan has prepared the draft special declaration on Bosnia-Herzegovina which called for an end to the tragedy in the country.

The 52-member Organization of Islamic Conference (OIC) has been pressing the conference to call for lifting the U.N. arms embargo, in support of last week's appeal by Bosnian President Alija Izetbegovic.

But Western nations say such a call breaks the conference rule of avoiding specific country issues. They stood firm against an OIC move to put their call for the separate declaration on Bosnia-Herzegovina to a plenary vote.

The sources said the drafting committee members were still locked in debate, discussing to what extent the United Nations should involve itself in peace-keeping, peace-making and "preventive diplomacy."

Other issues blocking progress include the right to development, terrorism, a high commissioner, how to fund existing and new structures, and whether to recommend a human rights tribunal, the sources said.

The sources said that the drafting committee was preoccupied yesterday by disagreement over the wording of a new paragraph on self-determination.

Countries are split over what constitutes a legitimate struggle for self-determination, the sources said.

The majority of the 26 paragraphs in the 47-page working document's principles section has been adopted by the drafting committee, but has to be approved by the plenary.

The final document consists of two parts. The first part outlines principles of a wide range of human rights issues of concern to the international community.

The second part provides a program of action in the field of human rights for years ahead.

Meanwhile, a general debate of the conference continued today and over 40 representatives of U.N. member countries and international and non-governmental organization are expected to deliver speeches.

The debate focused on discussions about the progress that has been made since the adoption of the Universal Declaration of Human Rights in 1948, about the relations between human rights and development, between human rights and sovereignty of states and between human rights and international peace and security.

Most of the 183 U.N. member countries have illustrated their stand on these issues during the debate which began hours after the conference opened on June 14.

Article Views Human Right to Development

HK2206144693 Beijing FAZHI RIBAO in Chinese
19 Jun 93 p 4

[Article by Gu Chunde (6253 2504 1795): "Right to Development Is a Human Right That People Must Not Be Deprived of"]

[Text] The right to development was first put forward by developing nations in the 1970's. The "Declaration on the Right to Development" adopted by the United Nations in 1986 "confirms that the right to development is an inalienable human right." The right to development is the collective right of all countries and nations as well as the right of every individual. Its basic meaning is that equality of opportunity is a prerogative both of nations and of individuals who make up nations. In other words, all nations should develop economically; the living standards of the peoples of all countries should be improved; and the whole country and nation should enjoy comprehensive development and improvement in the economic, social, cultural, educational arenas as well as public health and social welfare, realizing social equality and fairness. Just as it is explicitly written in the "Declaration on the Right to Development": "The right to development is an inalienable human right by virtue of which every human being and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural, and political development wherein all human rights and fundamental freedoms can be really realized." Thus, we can see that the right to development is an all-inclusive generalization of civil, political, economic, social and cultural rights; whereas civil rights, political rights, and economic, social, and cultural rights are the embodiment and expression of the right to development in each individual arena or realm.

Serious confrontation and struggles had gone on for years between developing and developed countries regarding whether or not the right to development was a basic human right. Back in the early 1950's, when the United Nations Commission on Human Rights was founded and when an international bill on the rights of man was drafted, serious differences surfaced between East and West about the basic contents which should be included. The socialist countries and countries which had won their national independence were in favor of including economic, social, and cultural rights in the draft bill on the rights of man. However, the Western countries, headed by the United States, did their utmost

to oppose it. They believed that in a country founded on the basis of private ownership, economic, social, and cultural rights did not belong in the state's functional realm; hence, it was unnecessary to include economic, social, and cultural rights in the bill on the rights of man. However, taking into consideration the conditions and demands of various sides at that time, the United Nations had to adopt the "International Covenant on Civil and Political Rights" and the "International Covenant on Economic, Social, and Cultural Rights" separately in the 1960's, while artificially separating political rights from economic, social, and cultural rights. This matter gave witness to the fact that Western countries had a long history in opposing the inclusion of economic, social, and cultural rights in basic human rights. Toward the late 1960's, developing countries set out the need to include the right to development in the basic human rights and the demand to formulate a "Declaration on the Right to Development," which some Western countries opposed and obstructed with increasing vigor. They asserted that development was not a right but an "opportunity" and that "it is just a goal to be accomplished economically but not a right." They even went so far as to say that "advocating the right to development is a dangerous instigation" and "the Commission on Human Rights is not the place to discuss development" and so forth. It was precisely proceeding from such erroneous concepts that they repeatedly delayed and obstructed the drafting and adoption of the "Declaration on the Right to Development." However, nations wanted to develop, national survival had to be ensured, and the poverty-stricken and backward features had to be changed; this was an irresistible historical current. The "Declaration on the Right to Development" was adopted at the 41st UN Assembly with support from socialist China and the broad developing countries. That was another great victory of developing countries in their struggles in the international arena of human rights. In view of such conditions, some Western countries, headed by the United States, changed their strategy from directly denying that development was a basic human right to distorting the relationship between the right to development and political rights in an attempt to indirectly deny that the right to development was a basic human right. At various international meetings, the representatives of those countries spread the idea that "democracy" was the precondition for developing "individual freedom," while stressing that "democracy" and "individual freedom," as well as the so-called "free elections" and the "establishment democratic mechanism" should be included in the right to development. In their speeches at the UN meetings, the U.S. representatives openly advocated that "sustained economic growth calls for a free market and a political system that will insure individual rights, political freedom, and win the consent of the ruled," and "economic development should be accomplished through free election of the government, respect for human rights, and improvement in the efficiency of administrative organizations." In addition, he said: "The citizen's political rights embodies human dignity and is something indispensable in ensuring economic

and social progress. It should not be placed on a par with economic rights nor can it be sacrificed in exchange for economic and social development." "All countries should primarily respect those rights that allow freedom to the individual, namely civil and political rights." Another representative of some Western country put it bluntly: "We should talk less about GNP growth but more of people's participation in politics." In addition, he said: "The democratic mechanism and respect for human rights are the necessary conditions for effectively exploiting man's resources." These concepts and ideas of the Western representatives entirely separated and set political or democratic rights against the right to development; they wanted only political rights but denied the right to development, while entirely distorting the relationship between political rights and the right to development, turning them upside down. Aiming at the aforesaid Western concepts, the representatives of developing countries stressed that political rights or democratic rights, and the rights to freedom, were unified and inseparable and would supplement, promote, coordinate and insure each other. Should there be any "precondition," it would not be "individual freedom" or the "democratic mechanism" but the right to national autonomy. Obviously, without national independence, the right to development is out of the question. As to those countries who had already won national independence and founded independent sovereign states, to insure their subsistence and consolidate independence, it was imperative for them to primarily develop their economies, increase production, elevate their cultural levels, and make full use of and realize the rights to development and their economic, social, cultural rights. Otherwise, their subsistence would not be insured and their independence would not be consolidated. This has been proved true by the history and the road taken by developing countries. It was precisely for this reason that, at various international meetings, the representatives of developing countries loudly appealed for the use and realization of the right to development, to develop the economy, increase production, and improve the cultural level to insure the survival and development of mankind. At a Commission on Human Rights session during the 48th UN Assembly, a representative from a developing country stated: "Some people's questions on the legitimacy of the right to development are shocking. We should stress the interdependence of various rights. Any person who does not have sufficient food and clothing is unable to enjoy his own civil and political rights." Another representative said: "Any political system, no matter how representative or democratic it is, will never develop in unbearably poverty and depression." "Any democratic reform short of economic justice is pretentious to those people who are suffering from hunger, illness, ignorance, and hardship." Still another representative put it more explicitly: "The right to development should be explicitly regarded as a specific human right. The elimination of material poverty, social instability, and ignorance is the precondition for promoting human rights."

The strong demand by large numbers of developing countries that the right to development and economic, social, and cultural rights be made top priorities, corresponds entirely to the realities of developing countries and the urgent demands and wishes of the peoples in these countries. As we all know, some of the colonies and vassal states in Asia, Africa, and Latin America successively gained independence in the 1960's. They have developed somewhat and scored certain achievements in the economic, cultural, and educational fields after decades of hard effort. However, on the whole, the economies, cultures, and education in these countries remain very backward and the people there are very poor. Data published by the World Bank show that the per capita GNP of developed countries in 1965 was 14 times higher than that of developing countries and 23.46 times higher in 1988. There are billions of illiterate and semi-illiterate people in Africa. The mortality rate there is high because tens of thousands of children die of hunger. According to data from the UN Children's Fund, poverty and hunger claim a daily toll of about 40,000 lives in developing countries. 70 percent of them children under five. Chances for employment are quite remote, people's living standards are extremely low, and survival is a very critical problem. The misery of death, starvation, and backwardness naturally makes the right to development and survival the primary and pressing concern for developing countries and the people therein. For them, increased "individual freedom" and "democratic mechanism" do not carry realistic significance. People cannot enjoy the "right to freedom and democracy" on an empty stomach! The representatives of some of the developing countries put it very well: "Democracy with an empty stomach rings hollow and hungry people do not speak of human rights and freedom." For developing countries, therefore, the most pressing concern now is to exercise and realize the right to development; improve people's living standards; remove the threat of hunger, poverty, and disease; and solve the problem of clothing, feeding, providing shelter, and means of transport for people, plus solving employment, education, and medical care problems. The developing countries cannot indulge in the luxury of arguing about "individual freedom" and "democratic mechanisms."

In fact, even from the standpoint of the provisions of some of the international documents on human rights, developing countries should still give priority to the right to development and economic, social, and cultural rights. The "Proclamation of Tehran," adopted in 1968, expressly affirms that civil and political rights will never be fully realized if they are not accompanied by economic, social, and cultural rights; and long-term progress in human rights relies on a sound and efficient country and an international economic and social development policy. The proclamation stresses economic, social, and cultural rights as the foundation for civil and political rights. High illiteracy rates, discrimination against women, and lack of concern for children obstruct human rights. It also points out that scientific and technological

development should benefit human rights. The "Resolution on a New Human Rights Concept" adopted by the UN General Assembly in 1977 reiterated the principles affirmed by the "Proclamation of Tehran" and stressed reviewing the problem of human rights on a global scale, giving comprehensive consideration to various social factors in places where problems with human rights occur, and promoting full respect for each human being as a person, his social development, and his welfare needs. The "Charter for Human and Nationality Rights in Africa," adopted in 1980, spells out correctly relations between political rights and development, economic, social, cultural rights, and stresses that political rights obey the right to development; that "it is essential to give special regard to the right to development" and "the satisfaction of economic, social, and cultural rights ensure the enjoyment of political and civil rights." Of course, this does not mean that developing countries are entitled to ignore individual human rights and civil and political rights. Political rights and the right to development—or, in other words, democracy and development—are not mutually exclusive, but unified. They supplement, reinforce, and coordinate with each other. The full enjoyment and exercise of political rights greatly increase the people's enthusiasm and boosts their initiative and creativity for developing the economy, education, and culture of their own country; while the full enjoyment and exercise of the right to development provides a solid material foundation and safeguard for the enjoyment and exercise of people's political rights. Therefore, the large number of developing countries, while insisting on giving priority to economic, cultural, and educational development and to solving the problem of feeding, clothing, providing shelter and transport for people, and employment and medical care problems, should also take notice of the establishment of political democracy, strengthen it, and safeguard the enjoyment and exercise of people's political rights. The establishment of political democracy must also proceed in accordance with the national situation of one's own country and its own economic and cultural conditions and base, subject to its people's free choice, who may gradually improve and make it complete. We should not copy or mechanically import models from other countries, nor should we beg for so-called "democratic elections" under the supervision of international organizations. Moreover, the establishment of political democracy and the exercise of people's political rights must serve and obey economic, educational, and cultural development. If not, we will veer in the wrong direction, stressing, like Western countries, the development of "democratic mechanisms" and "individual freedoms," with the result that neither political rights nor the right to development can be really enjoyed or realized. We should, as the UN "Resolution on a New Human Rights Concept" points out, "give equal attention and urgent consideration to the implementation, enhancement, and protection of both civil and political rights and to economic, social, and cultural rights." This, then, is the only correct attitude and approach. Any attempt to deprive the large

number of developing countries of the right to development, pleading civil and political rights, violates international documents on human rights and goes against the practical conditions in developing countries and the wishes and demands of their peoples.

Jiang Zemin Writes to IOC on Olympic Bid

OW2306083493 Beijing XINHUA in English 0754
GMT 23 Jun 93

[Text] Beijing, June 23 (XINHUA)—Chinese President Jiang Zemin wrote on Sunday [20 June] to members of the International Olympic Committee, reaffirming that the Chinese Government and whole Chinese people support Beijing in its bid for hosting the Olympic Games in the year 2000.

A delegation of the Beijing 2000 Olympic Games Bid Committee, which is now visiting Lausanne, Switzerland, has handed the letters to IOC members now meeting in the city.

The letter reads as follows:

"On the occasion of the 100th IOC session and the forthcoming inauguration of the new Olympic Museum celebrating the 79th anniversary of the birth of modern Olympic movement, I have the pleasure to extend my warm congratulation to the IOC in my capacity as president of the People's Republic of China.

"Modern Olympic movement is a noble movement whose purpose is to safeguard world peace and enhance mutual understanding and friendship among peoples of various countries and regions. In every four years, Olympic Games, the biggest sports event in the world, brings together outstanding youth from all over the world, and provides them an opportunity to make friends with each other, transcending differences in color, race, religious belief, political views and social system. It has played an unparalleled role in helping to build a better and peaceful world. I deeply admire your important contribution to this movement.

"As a developing country with a population of 1.1 billion, China is concentrating on its economic development and committed to promoting world peace. It is ready to contribute to the spread of the Olympic ideal in China and the world over and to promoting the Olympic movement.

"As you know, Beijing, the capital of my country, is bidding for the Games of the XXVIIth Olympiad in the year 2000. I would like to take this opportunity to reaffirm that Beijing's bid has my full support and that of the government and the entire Chinese people. If Beijing can be honored to host the 2000 Olympic Games, we will see to it that the games be a grand celebration of the advent of the new century and carry on the true Olympic spirit. And it will contribute greatly to the universality of the Olympic movement and to friendship, peace and progress among the world people. The world famous

Chinese philosopher Confucius once said: 'A visit by friends from afar brings special joy.' And I sincerely hope for a joyous gathering of all members and friends of the Olympic family in the open city of Beijing in the year 2000."

UN Representative on Peaceful Use of Outer Space

OW2306123593 Beijing XINHUA Domestic Service in Chinese 0818 GMT 12 Jun 93

[By reporter Liu Qizhong (0491 0366 0022)]

[Text] United Nations, 11 Jun (XINHUA)—Chinese representative Zheng Lizhong said at a conference of the UN Committee for the Peaceful Use of Outer Space here today that China attaches great importance to the technology on the peaceful use of space, and has made positive efforts in promoting and participating in international cooperation in this area.

Zheng Lizhong made the statement while discussing a report prepared by the Science and Technology Panel under the committee. She stressed that it is urgent to use applied space technology to warn, prevent, and assess natural calamities so that relief measures can be worked out and losses minimized.

She said: While such natural calamities as floods, droughts, earthquakes, and land desertification have inflicted enormous losses on Chinese people's lives and property, China has achieved remarkable results in preventing natural calamities through the use of advanced technology. By using remote-sensing satellite pictures along with information monitored on the ground, China has produced drawings of soil erosion in the country; set up the "Chinese system on water and soil conservation information"; installed in some provinces and regions the systems of monitoring drought, using ground information as well as data sent back from satellites; and built a model for monitoring droughts through remote sensing. All these systems have achieved remarkable results in their actual application.

Commenting on international cooperation in peaceful use of space technology, Zheng Lizhong said: The Chinese Government will continue to give active support to UN plans for the use of outer space. In 1993 China has given developing countries two one-year scholarships for training technicians specializing in remote sensing, cartography, and satellite geodetic surveying. In 1994, China will work with relevant international organizations in sponsoring an "international seminar on the application of microwave remote-sensing technology" in China to popularize the use of this technology all over the world, especially in developing countries.

Speaking on the Asia-Pacific ministerial meeting for promoting the use of space, a meeting scheduled to take place in Beijing in September 1994, Zheng Lizhong said: "That will be an important event in the Asia-Pacific region and a grand occasion for promoting cooperation

in the use of outer space. We welcome our friends to visit Beijing and we expect the meeting will achieve historical success."

Agricultural Fund Head Praises China's Cooperation

OW2306115893 Beijing XINHUA in English 1103
GMT 23 Jun 93

[Text] Beijing, June 23 (XINHUA)—F. H. Al-Sultan, president of the International Fund for Agricultural Development (IFAD), has described cooperation between China and the Rome-based IFAD as very effective.

In a recent interview with XINHUA, Al-Sultan said IFAD was the first of the international development finance institutions which China has joined.

He noted that IFAD has to date contributed 184 million U.S. dollars in loans, mainly for eight projects involving 52 poverty-stricken counties and cities in nine of China's provinces and autonomous regions since the country joined IFAD in 1980.

As a result, China has become the fourth recipient country of IFAD funding following India, Bangladesh and Pakistan.

Meanwhile, China, as a member state of the Executive Bureau of IFAD, has on a voluntary basis subscribed 11.84 million U.S. dollars to IFAD, thus taking the lead in IFAD's subscription work among developing countries and making positive efforts to eliminate poverty and develop agricultural production.

Al-Sultan, who assumed the presidency of IFAD in January this year, said the number of member states in IFAD has increased to 149, of which 116 are developing countries.

Statistics show that by the end of 1992, member states had altogether contributed 3.2 billion U.S. dollars to IFAD while IFAD has provided 99 recipient countries with 3.7 billion U.S. dollars in loans or donations used widely in nearly 350 projects including silkworm raising, infrastructure and agricultural development.

About 25 million poor rural residents around the world have directly been benefited and so has a population of 790,000 in China.

Al-Sultan said that China is one of the best performers in the implementation of the poverty alleviation programs.

Up to now, he said, the projects in China have been smoothly implemented and achieved comparatively good results in terms of economy, society and ecology.

The livestock development project in China's most populous province of Sichuan was once judged by IFAD as one of its two most successful projects on the globe.

Al-Sultan, who worked as a senior official at the World Bank for a long time, attributed the successful cooperation between IFAD and China to China's strong policy of poverty alleviation at all levels and active involvement of the local farmers.

He disclosed that IFAD is preparing two more projects in China for agricultural development. It is expected that IFAD will offer about 50 million U.S. dollars in loans to the projects. Another three projects on integrated agricultural development are under discussion, he added.

Al-Sultan said that over the past few years IFAD has put special emphasis on the conditions of women. IFAD has decided to donate 74,000 U.S. dollars to train rural women in east China's Shandong Province and enable them to master various skills to increase their income and free them from poverty, he said.

Shanghai Hosts International Credit Ratings Seminar

OW2306093793 Beijing XINHUA in English 0858
GMT 23 Jun 93

[Text] Shanghai, June 23 (XINHUA)—Participants attending an international seminar here called for China to standardize its credit rating system.

The seminar on credit rating, the first of its kind ever held in China since it set up securities market, was sponsored by the Far East Credit Rating Report, a local credit rating agency, and the Asian Development Bank.

In Yong-chung, vice-president of the Asian Development Bank, suggested more progress on China's credit assessment services because the development of the New Pudong area in Shanghai will boom the country's capital market.

Xu Kuang, vice-mayor of Shanghai, said China, where credit rating is still something new, should draw on foreign experience and know international practices.

China now has more than 40 credit rating agencies run by different regions and departments. As some attending the symposium pointed out, the national market has been cut up and no unified rating standard has been set.

To break the regional restriction, they suggested fewer agencies and the adoption of a single and national standard. The establishment of a few national or trans-regional agencies is also necessary, they said.

World renowned credit appraisers such as the Standard and Poors Company and the Moody's Investor Service, presented their rating methods and explained international practices.

Their representatives agreed that standardization and independence are necessary for the assessment business in China, with agencies acting as an indicator for investment.

More than 100 representatives from the United States, Britain, France, Japan, Australia, Thailand, the Republic of Korea, Malaysia, Indonesia, India as well as China participated in the seminar.

Qiao Shi Visits International Consumer Goods Fair

OW2206143393 Beijing XINHUA Domestic Service in Chinese 1342 GMT 9 Jun 93

[By reporter Zhang Yi (1728 3015)]

[Text] Beijing, 9 Jun (XINHUA)—This evening, Qiao Shi, chairman of the National People's Congress Standing Committee, and other leading comrades of the central authorities, visited the 1993 International Exhibition of Exquisite Consumer Goods taking place at the China International Trade Center.

Showing keen interest, Qiao Shi visited each and every exhibition booth and shook hands with business participants from France, Italy, and Japan. Visiting the booth of Italian shoes, Qiao Shi asked the president of the Italian Hualong Company about the manufacturing technology, materials, and prices of its Wallace leather shoes. Qiao Shi also carefully examined the toys for export on display at the Guangdong booth, and signed his name on the visitors book. Qiao Shi also asked Wu Yi, minister of Foreign Economic Relations and Trade, about China's export goods. While examining the exquisite Japan-made electrical household appliances and the latest fashions from France, Qiao Shi pointed out that the quality of China-made goods must be improved in order to sell at higher prices.

The exhibition sponsored by the Ministry of Economic Relations and Trade has attracted over 140 manufacturers from more than 20 countries. Items on display include 14 categories of the best consumer goods, including household appliances, garments, food, and beverages.

Li Ximing, Buhe, Li Peiyao, Qian Weichang, Luo Gang, and other leading comrades also visited the exhibition.

United States & Canada

Sichuan Governor Talks With U.S. Consul General

OW2306121393 Chengdu Sichuan Television Network in Mandarin 1145 GMT 22 Jun 93

[From the "Sichuan News" program]

[Text] Mr. Camp, U.S. consul general in Chengdu, yesterday afternoon paid a courtesy call on Governor Xiao Yang at the Jinjiang Hotel in Chengdu. During their talks, Governor Xiao Yang briefed Camp on Sichuan's economy, especially the situation of agricultural production and transportation in the province. Present at the occasion was (William Spitteler), head of

the U.S.-China delegation of friendly supporters. This is the first time that the delegation has come to China to teach, and it plans to exchange academic experiences in Sichuan for two years.

Li Changchun, head of the foreign affairs office of the provincial government, and Mr. Brennan, U.S. consul in Chengdu, were also present at the meeting.

Telecommunications Agreement With Canada Signed

OW1906022493 Beijing XINHUA in English 0004 GMT 19 Jun 93

[Text] Toronto, June 18 (XINHUA)—China and Canada's Northern Telecom today signed a memorandum of understanding covering a broad range of manufacturing, research and development, technical and training projects that will help modernize China's telecommunications infrastructure.

The agreement was signed here by the visiting Vice-Chairman of the China's State Planning Commission Ye Qing and Northern Telecom's President and Chief Executive Officer Jean Monty.

In the agreement, Northern Telecom will establish in China a DMS-100 supernode switching system joint venture for product development, manufacturing, engineering, and services and set up a Bell-Northern Research Center for the Development of Advanced Telecommunication Hardware and Software Technology.

The Northern Telecom will also establish a joint venture in China for very large-scale integrated circuit design, development and manufacturing and training centers in China.

Ye said after the signing ceremony that the agreement is a signal of the possibility of cooperation in telecommunications between China and Northern Telecom.

He said China's telecommunications market is a potential market but it is also a competitive market.

Northern Telecom President Monty said it is an "achievement of great importance to China and to our company."

"We believe the commercial transactions being negotiated are potentially among the most extensive in our company's history and will be important to Northern Telecom's long-term growth. China is a long-term investment for us," he said.

The signing followed visits by Ye and a Chinese delegation led by him to Northern Telecom's Canadian and U.S. manufacturing facilities.

Among other areas covered by the agreement are advanced wireless communication systems, fiber optic

transmission system, multimedia terminals, rural switching systems, intelligent networks and network management tools.

Northern Telecom also agreed to share with China its world-leading environmental protection technology for the elimination of chlorofluorocarbons (CFCs) and other ozone-depleting chemicals generated by production processes.

Central Eurasia

Liu Huaqing Leads Group on Russia 'Goodwill Visit'

OW2306112093 Beijing XINHUA in English 1046
GMT 23 Jun 93

[Text] Moscow, June 23 (XINHUA)—A Chinese Government delegation led by Liu Huaqing, vice chairman of China's Central Military Commission, arrived here today for a good-will visit to Russia.

During his visit, Liu will hold talks with Russian leaders on promoting Sino-Russian economic and technical cooperation.

Liu was accompanied by Chinese Deputy Foreign Minister Tian Zengpei, Deputy Minister of Foreign Trade and Economic Cooperation Gu Yongjiang, Deputy Chief of Staff of the Chinese People's Liberation Army Cao Gangchuan, and other government officials.

The delegation was greeted at the airport by Viktor Glukhikh, chairman of Russia's Defence Industry Commission.

Southeast Asia & Pacific

Australia's Paul Keating Arrives in Beijing

OW2306123293 Beijing XINHUA in English 1202
GMT 23 Jun 93

[Text] Beijing, June 23 (XINHUA)—Australian Prime Minister Paul J. Keating, Mrs. Keating and their party arrived here this evening for a five-day official visit to China at the invitation of Chinese Premier Li Peng.

Wu Yi, Chinese minister of foreign trade and economic cooperation and chairman of the Chinese Government Reception Committee, and Liu Huaqiu, Chinese vice-minister of foreign affairs, were among those who greeted the Australian guests at the airport.

Visit To Boost Trade Links

HK2306073493 Beijing CHINA DAILY in English
23 Jun 93 p 2

[Report by staff reporter Qu Yingpu: "Keating in Beijing To Boost Trade Ties"]

[Text] Australian Prime Minister Paul Keating will arrive in Beijing today for a four-day visit, which is expected to boost bilateral trade and investment.

Keating is expected to meet Chinese President Jiang Zemin, Premier Li Peng and Vice Premier Zhu Rongji before leaving for Shanghai on Friday afternoon.

Five Sino-Australian commercial agreements are expected to be signed during Keating's visit, including large projects with Australian investment.

The projects include joint ventures in manufacturing beer and glass, but details are not available.

"Keating's visit indicates that Sino-Australian ties have climbed to a new stage," said a senior official with the Ministry of Foreign Trade and Economic Co-operation (Moftec).

The visit occurs at a time when China is turning away from State planning to a market economy. Australia, meanwhile, is shifting its foreign economic co-operation focus to the Asia-Pacific region, according to Shi Jianxin, deputy director general of Moftec's Department of American and Oceanic Affairs.

These have created "massive trade and investment opportunities for the enterprises of both countries," Shi said, adding that two-way trade and investment are expected to grow at a brisk speed following the visit of Keating.

The two countries, whose economies complement each other, are expected to broaden the horizons of trade, he said.

China will import more Australian technology and equipment while continuing to buy grain, wool, metals, iron ore and forest products from Australia, Shi said.

He called on Australia to continue granting China preferential loans to help Australia's technology sales to China.

Shi said China will have a sustained demand for wool, and if Australian wool is competitive in price, China will import more from Australia.

He said he expects China's export of machinery, electronics, textiles and consumer goods to Australia will also continue to grow.

Bilateral trade volume last year hit a record high of \$2.3 billion, with China's imports accounting for \$1.67 billion, according to Chinese Customs.

In the first four months of this year, Sino-Australian trade registered a sharp growth rate to top \$780 million, with China's imports standing at \$490 million, the customs figures indicated.

By the end of last year, Shi said, China had approved more than 500 projects with a total of \$600 million worth of Australian investment. Of the total number of

projects, more than 350 were approved last year, more than the total in the previous 10 years.

Australian-funded projects in China are mainly in the sectors of agriculture, textiles, light industry, food processing and electronics.

China will expand investment in Australia, which is one of the centers of Chinese investment, Shi said.

China has so far invested more than \$300 million in iron ore mines, aluminum smelters and small farm projects in Australia.

Shi said Chinese companies are making new efforts to expand exports to the southern Pacific countries with Australia as the foothold.

Malaysian Prime Minister Ends Visit, Departs

OW2206142393 Beijing XINHUA in English 1357
GMT 22 Jun 93

[Text] Shenzhen, June 22 (XINHUA)—Malaysian Prime Minister Mahathir Mohamed, along with his wife and his entourage, concluded a 10-day visit to China and left here for home today.

This morning, Mahathir and his party visited Haikou, the capital of south China's Hainan Province, and attended a ceremony to lay the foundation stone for a Sino-Malaysian recreation center.

The China National Culture and Art Center in Hainan was launched by the China National Culture & Art Corporation and a Sino-Malaysian joint venture, the China & Malaysia Culture & Art Co., Ltd.

Mahathir said at the ceremony that the center is the first large-scale cooperative project between Malaysia and Hainan. He expressed the hope that the project will mark the beginning of deeper cooperation between Malaysia and Hainan.

Around mid-day, Du Qinglin, vice-chairman of the Standing Committee of the Hainan Provincial People's Congress, met with Mahathir on behalf of Hainan Governor Ruan Chongwu, who is on a visit to Thailand.

Describing Hainan Province to the visitors, Du said the largest and newest special economic zone of China welcomed Malaysian investments and cooperation in economics, science, technology, culture and other fields.

Mahathir said that Hainan's economic development is remarkable and that the Malaysian Government encourages Malaysian entrepreneurs to participate in China's construction. Such an approach will benefit both sides, he added.

Kuala Lumpur Return Reported

OW2206224293 Beijing XINHUA in English 1520
GMT 22 Jun 93

[Text] Kuala Lumpur, June 22 (XINHUA)—Malaysian Prime Minister Mahathir Mohamed returned here tonight from a 10-day official visit to China.

Upon arrival he told reporters that his visit was successful. What is required is a follow-up to make good the agreements and memorandums of understanding reached between businessmen of the two countries, he said.

A total of 143 Malaysian businessmen accompanied Mahathir and contracts of trade and investment amounting to as much as 1.5 billion ringgit (about 586 million U.S. dollars) were signed during the visit, the prime minister said when summing up the results of his visit.

He said the Malaysian Government will be "supportive" to the business sector's efforts to realize the pacts.

He said he was impressed by the extraordinary hospitality extended to him by the Chinese Government, which was "evidence of friendliness towards Malaysia".

Deputy Prime Minister Ghafar Baba and several cabinet ministers went to the airport to greet the prime minister.

Charge d'affaires ad interim of the Chinese Embassy in Malaysia Chen Defu was also present at the airport.

'Roundup' Views 'Fruitful' Trip

OW2206130693 Beijing XINHUA in English 1115
GMT 22 Jun 93

["Roundup": "Mahathir Ends Fruitful China Trip"]

[Text] Beijing, June 22 (XINHUA)—Malaysian Prime Minister Mahathir Mohamed returned home today from a rewarding 10-day tour of China.

Although the trip, at its start, arrested world attention when Mahathir became the first foreign dignitary to be personally received by Chinese Premier Li Peng since late April, it is the concrete results that have made the visit particularly successful.

First, the official visit took on a strong economic tone, which reached a climax on June 15. Some 30 agreements or memoranda on cooperation were signed in this single day, with Mahathir reporting new figures each time he met with a different Chinese host. The documents were believed to involve at least more than one billion yuan in total.

When Mahathir toured Urumqi, Kunming, Shenzhen and Haikou, the big group of Malaysian entrepreneurs traveling with him continued to explore among Chinese business circles, seeking chances of expanding cooperation.

It is unprecedented in the history of Sino-Malaysian economic and trade ties for a single visit to produce such a big number of documents on cooperation and to form such a wide range of contacts.

By now, 37 Malaysian companies have invested in China and bilateral trade volume has reached 4.4 billion Malaysian dollars. It can be said Sino-Malaysian economic and trade relations have a good beginning, as well as fine conditions, for further growth.

While premier Li Peng said that China is willing to expand its cooperation with Malaysia in all fields and welcome Malaysian investment, Mahathir encouraged Chinese businesses to invest and cooperate in Malaysia.

Undoubtedly, Prime Minister Mahathir's visit will serve to pump fresh impetus into bilateral economic and trade cooperation.

As a way to ensure a more beneficial international trade environment in the region, Malaysia believes in the need of a concerted and stronger East Asian voice in world economic affairs, and thus came up with the proposal for establishing an East Asia Economic Caucus (EAEC).

Mahathir once expressed the hope that China would become part of this concerted and stronger voice. Before leaving Beijing, Mahathir told the press that he was convinced that China will continue to support his EAEC program.

Predictably, along with its own sustained economic growth and expanding ties with the ASEAN countries, China will make a bigger contribution to regional economic development.

Meanwhile, the political significance of this visit is equally apparent. Mahathir and Chinese leaders not only voiced common wishes for continued expansion of bilateral relations, but also reached comprehensive agreement on such international issues as the new world order, democracy and human rights, as well as regional problems including Cambodia.

The wide-ranging agreements include criticism of rumors over a "China threat." The Chinese leaders restated that China will remain a firm force in safeguarding peace in Asia and the world, "now and in the future," and never go after expansionism, thus posing no threat to any country. Mahathir, in turn, expressed disapproval for the theory of a "China threat," calling it unwarranted.

In a broader sense, authoritative sources here say that Mahathir's visit will also produce a positive impact on China's relations with ASEAN.

As foreign ministers of the two countries put it, China's ties with Malaysia, the second biggest Southeast Asian country, are in the best state ever, and China-ASEAN relations will become even closer and firmer.

Mahathir Sees 'Leap Forward' in Ties

BK2306153793 Kuala Lumpur NEW STRAITS TIMES in English 22 Jun 93 p 1

[Excerpt] Shenzhen, Monday—The prime minister today described Malaysia's relations with China as having taken a "leap forward" following his meetings with Chinese national as well as provincial leaders during his 10-day visit.

Datuk Sri Dr. Mahathir Mohamed said trade relations would now be on a higher gear after the signing of more than 30 agreements and memorandums of understanding (MOUs) between Malaysian companies and Chinese enterprises.

So far 279.8 million ringgit worth of export sales/contracts, 60.4 million ringgit worth of import contracts and 1,154 million ringgit worth of joint ventures are being finalised.

"This is the most successful mission abroad I have led so far," he said at a press conference to mark the end of his China visit—his longest to one country. [passage omitted]

Hainan Delegation Leaves Singapore for Bangkok

HK2206142093 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 20 Jun 93

[Excerpts] A visiting Hainan delegation headed by Governor Ruan Chongwu successfully concluded its inspection tour of Singapore and left for Bangkok by plane at 0900 yesterday morning [20 June]. During its four-day inspection tour, Governor Ruan Chongwu met Singapore's high-ranking leaders on separate occasions, including Senior Minister Lee Kuan Yew, Deputy Prime Minister Lee Hsieng Loong, Minister of Communications Mah Bow Tan, Minister of Foreign Affairs Wong Kan Seng, and former Deputy Prime Minister (Liu Chen Jui). Governor Ruan exchanged views with these Singaporean leaders on promoting Hainan-Singapore cooperation as well as on issues of common interest. [passage omitted]

During its stay in Singapore, the delegation visited departments in charge of economics, trade, industry, press, finance, transportation and communications, urban construction, telecommunications, science and technology, and tourism. The delegates made great efforts to publicize Hainan's preferential policies and investment environment and held useful discussions with people of all circles in Singapore on promoting cooperation in these fields. [passage omitted]

SRV's Vo Van Kiet Meets New Chinese Envoy

OW2206142693 Beijing XINHUA Domestic Service in Chinese 1404 GMT 16 Jun 93

[By reporter Zhang Jiexiang (1728 0502 4382)]

[Text] Hanoi, 16 Jun (XINHUA)—SRV Prime Minister Vo Van Kiet met this afternoon at the Prime Minister's Office with new Chinese ambassador to Vietnam Zhang Qing and had a cordial and friendly conversation with him.

Ambassador Zhang Qing conveyed Premier Li Peng's regards to Prime Minister Vo Van Kiet. He hailed the Vietnamese people's achievements in promoting reform and opening up and pledged that during his tenure as the Chinese ambassador to Vietnam he will endeavor to further develop the friendly and cooperative relations between China and Vietnam.

Prime Minister Vo Van Kiet said: Since I and General Secretary Do Moui visited China in 1991 and Premier Li Peng visited Vietnam last year, the relations in all fields between the two countries have been restored and have developed. I feel very happy about this. As to some problems between the two countries, we will solve them through consultations.

Vo Van Kiet said Vietnamese and Chinese economies are highly complementary to each other and the potential of cooperation between the two countries is great. He hoped relations between the two countries, especially economic and trade cooperation, would further develop.

Vo Van Kiet asked Zhang Qing to convey his regards to Premier Li Peng and wished him health.

West Europe

Austrian Assembly Speaker's Visit Reported

Meets Qiao Shi

OW2106133393 Beijing XINHUA in English 1255
GMT 21 Jun 93

[Text] Beijing, June 21 (XINHUA)—Qiao Shi, chairman of the Chinese National People's Congress Standing Committee, was invited to visit Austria by Robert Lichaël, second speaker of the Austrian National Assembly, who is currently in Beijing.

During a meeting between the two legislative leaders in the Great Hall of the People this afternoon, Lichaël presented Qiao with an invitation from Assembly President Heinz Fischer.

Qiao expressed his appreciation for the invitation.

Qiao told Lichaël that China needs to work hard to promote democracy and build the legal system over the course of building a socialist market economy. In promulgating legislation, China needs to study the useful experiences of foreign countries, he added.

Both leaders voiced satisfaction with Sino-Austrian economic and trade relations, and said they expect such ties to further expand.

Lichaël, who visited China 16 years ago, spoke highly of China's economic development, which he said is visible everywhere.

However, Qiao noted that China's development should not be overestimated, despite the achievements made in the past decade and more of reform and opening.

At present, he said, rapid economic growth is primarily focused on the coastal areas of China, and many parts of the country's inland provinces are lagging far behind. It will take many years to gradually develop the western and central areas of the country, he added.

In the meeting, Qiao and Lichaël exchanged views on international issues of mutual concern.

Later this afternoon, Vice-Chairman of the NPC Standing Committee Tian Jiyun hosted a dinner for the Austrian parliamentary leader.

Sees Qian Qichen

OW2206131893 Beijing XINHUA in English 1251
GMT 22 Jun 93

[Text] Beijing, June 22 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here this afternoon with Robert Lichaël, second speaker of the Austrian National Assembly.

During the meeting, the two sides exchanged views on bilateral relations, and regional and international issues of common concern.

Views Ties With Rong Yiren

OW2306083293 Beijing XINHUA in English 0742
GMT 23 Jun 93

[Text] Beijing, June 23 (XINHUA)—Chinese Vice-President Rong Yiren, meeting with an Austrian parliamentary leader today, said China is willing to develop friendly relations of cooperation with Austria, on the basis of the five principles of peaceful coexistence.

Rong was meeting with Robert Lichaël, second speaker of the Austrian National Assembly, who is here on a visit as guest of the National People's Congress.

Rong noted that the Chinese and Austrian peoples share a traditional friendship and relations between the two countries have enjoyed fine growth in recent years, which includes fruitful economic and trade cooperation in wide-ranging spheres and increased contacts between the two parliaments.

This, he said, will serve to promote further expansion of bilateral ties.

Both Rong and Lichaël expressed the wish for continued exchanges and cooperation in all fields as a way to deepen mutual understanding.

Lichaël voiced satisfaction with the results of his visit and admiration for China's achievements in carrying out a foreign policy of good-neighborliness.

In the 40-minute meeting, Rong and Lichaël also exchanged views on international issues of mutual concern.

Swedish King Receives Outgoing Chinese Ambassador

OW1906122493 Beijing XINHUA Domestic Service in Chinese 0240 GMT 11 Jun 93

[Text] Stockholm, 10 Jun (XINHUA)—Swedish King Carl XVI Gustaf received the outgoing Chinese Ambassador Tang Longbin and had a friendly conversation with him in Stockholm on 10 June.

Tang Longbin first conveyed President Jiang Zemin's regards to His Majesty King Carl. King Carl also asked Tang Longbin to convey his regards to President Jiang Zemin.

After Tang Longbin briefed King Carl on the rapid development of economic and trade relations between China and Sweden in the past few years, King Carl said the business circles of Sweden had strengthened their cooperation with China and that cooperation in other fields between the two countries had also developed. He said he was happy to learn that China's economy had developed rapidly.

East Europe

Reportage on Visit by Czech Foreign Minister

Talks Held With Qian Qichen

OW2206143793 Beijing XINHUA in English 1332 GMT 22 Jun 93

[Text] Beijing, June 22 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen and visiting Czech Foreign Minister Josef Zieleniec held 80-minutes talks on bilateral ties and international issues here today.

The guest arrived here earlier today on a three-day visit as Czech's first foreign minister to visit China.

Qian reaffirmed that China attaches importance to its ties with Czech. The Sino-Czech ties will be further consolidated and developed so long as the two sides abide by the principles of mutual respect, seeking common grounds while reserving differences, non-interference in each other's internal affairs, equality and mutual benefit, he added.

Zieleniec expressed the hope that his visit will help bring the Czech-China ties up to a new level. He also thanked China for its prompt recognition of Czech when it declared independence.

The two ministers agreed that greater efforts should be made to promote the Sino-Czech economic cooperation and trade.

Qian said that bilateral trade is picking up and holds great potentials and good prospect. Joint efforts and continuous exploration will help push forward trade and economic cooperation, he added.

Zieleniec told Qian that a group of businessmen are visiting China together with him. The Czech Government fully supports them to have cooperation with their Chinese counterparts, he added.

Prague Radio on Qian Meeting

LD2206163693 Prague Radiozurnal Radio Network in Czech 1500 GMT 22 Jun 93

[Text] Foreign Minister Josef Zieleniec, currently on a working visit to five Asian countries, arrived in Beijing from Delhi today. The minister is accompanied by 20 representatives of leading Czech companies, mostly those engaged in mechanical engineering.

Josef Zieleniec held talks today with Vice Premier and Foreign Minister Qian Qichen. The observers accompanying Minister Zieleniec met the management of the Chinese International Credit and Investment Association and representatives of other Chinese companies and firms.

Minister Zieleniec told journalists that China has become a constant factor in the world today on account of its size. Relations with Beijing must therefore be included in the overall concept of Czech foreign policy.

Zieleniec also said that the Chinese side has expressed support for the Czech proposal to expand and modernize the power station at Chengdu, which was originally built with Czech participation.

Ties Discussed With Rong Yiren

OW2306080293 Beijing XINHUA in English 0753 GMT 23 Jun 93

[Text] Beijing, June 23 (XINHUA)—Chinese Vice-President Rong Yiren said here today that an all-round and steady development in Sino-Czech relations can be achieved so long as the two countries abide by the five principles of peaceful co-existence.

Rong made the remark during a meeting with visiting Czech Foreign Minister Josef Zieleniec, who arrived here yesterday as guest of Chinese Vice-Premier and Foreign Minister Qian Qichen.

Extending a welcome to Zieleniec, who is visiting China for the first time, Rong said that China "values the traditional friendship with the Czech people and respects the Czech people's choice."

Rong said the economies of the two countries are mutually supplementary and China takes a positive attitude

towards developing economic, scientific and technological cooperation with the Czech Republic.

He added that China supports the localities and enterprises of the two countries in expanding exchanges and cooperation.

A Chinese Foreign Ministry official quoted Zieleniec as saying that he hoped the traditional friendly relations will be further developed under the new situation and, in particular, bilateral economic relations and trade will be expanded.

Later, Chinese State Councillor and Minister in Charge of the State Commission for Economic Restructuring Li Tieying also met with the Czech visitors.

Li, who studied in the then Czechoslovakia during the 1950s, said that China attaches importance to Sino-Czech relations and hopes to strengthen and expand the existing cooperation between the two countries.

Li also briefed the visitors on China's economic restructuring.

Zieleniec: PRC Visit 'Important'

OW2306130793 Beijing XINHUA in English 1247
GMT 23 Jun 93

[Text] Beijing, June 23 (XINHUA)—Czech Foreign Minister Josef Zieleniec said here today that his current visit to China is aimed at further developing traditional friendly relations between the two countries in light of new global conditions.

"We feel the visit is important," the foreign minister told a press conference here this afternoon.

Zieleniec is the first Czech foreign minister to visit China since the Czech Republic split with Slovakia.

Zieleniec said he had had important meetings with Chinese Vice-President Rong Yiren, Vice-Premier and Foreign Minister Qian Qichen and State Councillor Li Tieying.

The two sides have held extensive discussions concerning bilateral and multilateral issues and Sino-Czech cooperation.

The Czech foreign minister noted that his country has experienced "huge changes" in its society, economy and other areas since 1989. He added that traditional trade ties Czechoslovakia had maintained with China have been affected due to such reasons as a change in the form of payment.

Zieleniec said 18 representatives from major Czech companies have come with him and that they have contacted Chinese entrepreneurs.

Although the enterprises of the two sides have not reached any concrete agreements, trade contacts between them will still be helpful to the development of bilateral economic cooperation.

Zieleniec and his party are scheduled to leave the Chinese capital for Shanghai tomorrow to survey economic development on China's dynamic east coast.

More on Bulgarian Deputy Prime Minister's Visit

BTA on Talks With Qian Qichen

AU2206135693 Sofia BTA in English 1014 GMT 22
Jun 93

[Text] Beijing, June 22 (BTA)—Over the last years Bulgaria and China have continued to develop their traditional friendly relations thanks to the efforts of both sides, it was pointed out at the talks which Bulgarian Deputy Prime Minister and Minister of Transport Neycho Neev had with Chinese State Council Deputy Chairman [Vice Premier] and Foreign Minister Qian Qichen yesterday.

Mr. Neev is leading the Bulgarian governmental delegation which arrived in Beijing on an official visit at the invitation of China's Government yesterday.

China seeks further expansion of its friendly cooperation with Bulgaria based on the five principles of peaceful co-existence in politics, economy, commerce, science and technology, Mr. Qian Qichen said. There are large yet untapped potentials for bilateral cooperation in commerce and economy, today's RENMIN RIBAO writes, citing Mr. Qian Qichen.

China's Government will help establish direct contacts between the Chinese enterprises and their Bulgarian partners, it hails the Bulgarian entrepreneurs who have arrived in China to study the possibilities for bilateral cooperation, it was said at the talks.

According to the leader of the Bulgarian delegation, despite the ideological differences between the two countries their relations over the past years have had a stable development based on equality and mutual benefit. The government and the business circles in Bulgaria are ready to accept various forms of interaction with China, the establishment of joint ventures included, Mr. Neev said.

Mr. Neev confirmed the position of the Bulgarian Government in support of "single China."

RENMIN RIBAO informs that the sides discussed the situation in the Balkans too.

An intergovernmental air carriage agreement was signed.

Meets Qiao Shi

OW2206161193 Beijing XINHUA in English 1419
GMT 22 Jun 93

[Text] Beijing, June 22 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, said here today that no matter what changes may take place in the world, developing friendly cooperative relations between China and Bulgaria is in the fundamental interests of the peoples of the two nations.

Qiao made the remark at a meeting with Neycho Neev, visiting Bulgarian deputy prime minister and minister of transportation, at the Great Hall of the People here this afternoon.

Chinese officials quoted Qiao as saying that there are no fundamental conflicts of interest between the two countries.

Both countries need a stable and peaceful international environment and are working hard to develop their national economies. Each hopes to enhance bilateral relations, which will provide favorable conditions for the growth of friendly ties of cooperation, Qiao said.

Qiao said he was very pleased to see that in recent years bilateral relations in the fields of politics, the economy, culture, science and technology have been developing steadily, and added that contacts between the two parliaments are also expanding.

Qiao expressed the belief that Neev's current visit to China will help push forward bilateral relations, including economic ties and trade.

During the meeting, Qiao briefed the Bulgarian visitors on China's reform and opening to the outside world.

Neev said this was his first visit to China. He was deeply impressed by China's stable political situation and by the rapid pace of its economic development.

Neev told Qiao that the Bulgarian Government is pursuing a policy of stabilizing the political situation and developing the economy.

A country's economy can grow only when it is based on a stable political situation, Neev said.

Neev said that reform and opening up, which were initiated in China earlier than in Bulgaria, have brought about remarkable achievements.

There is much to be done to further expand Bulgarian-Chinese cooperation, economic ties and trade, Neev said.

He said the purpose of his visit is to promote bilateral cooperation in both politics and the economy. Sixteen Bulgarian entrepreneurs who are accompanying Neev on the visit have all shown great interest in strengthening cooperation with their Chinese counterparts.

Political & Social

'Sources' Say Li Peng Has 'Genuine Cold'

HK2306045193 Hong Kong MING PAO in Chinese 23
Jun 93 p 2

[Report by special correspondent Chung Chih-ming (6988 1807 2494): "Li Peng Is Hospitalized Again Because of a Cold"]

[Text] Informed sources in Beijing have confirmed that Chinese Premier Li Peng was hospitalized again the other day, not because of a return of the heart problem as rumored elsewhere, but because of a genuine cold. As it is nothing serious, Li Peng will most probably meet with visiting Australian Prime Minister Keating as planned. (Keating is arriving in Beijing today and will stay until 27 June.)

It has been learned that Li Peng, who has been recuperating for the last two months from a myocardial infarction, repeatedly requested permission to be discharged together with his office personnel (during Li Peng's hospitalization, most of the staff of the Li Peng office, (Li office [li ban 2621 6586] for short), had moved in with him to work), after he had basically recovered and met with Malaysian Prime Minister Mahathir last Monday [14 June]. But Li Peng's wife Zhu Lin strongly objected to his request. It was not until last Sunday (20 June) that Li Peng was discharged from the hospital and went home, after he kept insisting on it. Once home, however, Li Peng caught a cold and, the day before yesterday, was again hospitalized in case the cold should affect his heart. The informed sources said: Nothing is seriously wrong with Li Peng, who is genuinely suffering from a cold. He will meet with Australian Prime Minister Keating, who is arriving today, as planned. As to whether Li Peng will continue to recuperate until October, the sources said: The medical team, in view of Li Peng's progress in recovering from the illness, still claims Li Peng can resume work at the end of this month or at the beginning of next month, under the condition that his workload be reduced and his habit of working at night change. The sources revealed that Li Peng's wife Zhu Lin is a big influence on him and decides for her husband on many things. It is said that it was Zhu Lin who suggested that Li Peng's myocardial infarction be announced as a heavy cold. But as it was impossible to explain why a heavy cold required a two-month rest, the authorities felt put on the spot and some people were critical of this.

Beijing's political analysts believe that whether or not Li Peng will leave the hospital or fully resume work will not have any major impact on China's political situation at the moment. On the one hand, his routine responsibilities have been shared among the vice premiers, and Jiang Zemin and Qiao Shi are giving "help" all the time. Therefore, it will not affect the central government's actual operation. On the other hand, the fading of Li Peng's role, especially the fading of the role of Beijing's

hardline administration, is in fact just what local governments want. The political analysts point out: Li Peng's illness is a "test" for the post-Deng leadership structure, i.e., the four-horse-drawn wagon of Jiang (Zemin), Li (Peng), Qiao (Shi), and Li (Ruihuan). Now it seems that Li Peng's two-month absence has not created a "power vacuum." In other words, without Li Peng, the political situation in China can still be stable.

Li Peng Sends Bills to NPC Standing Committee

OW2206122993 Beijing XINHUA Domestic Service in
Chinese 0908 GMT 22 Jun 93

[Text] Beijing, 22 Jun (XINHUA)—Premier Li Peng has sent to the opening Second Session of the Eighth National People's Congress [NPC] Standing Committee bills concerning the draft amendment to the Law of Economic Contracts and the draft law of guarding against illegitimate competition.

Li Peng says in the bill concerning the draft amendment to the Law of Economic Contracts: The Law of Economic Contracts has played an important role in protecting the legitimate rights and interests of signatories of economic contracts, safeguarding social and economic order, and promoting the development of the socialist commodity economy. Following the development and deepening of reforms, however, certain regulations are no longer appropriate for actual economic activities; and on certain important issues, the law is incompatible with the General Rules of Civil Law, the Law of Civil Procedures, the Law of Economic Contracts With Foreign Concerns, and the Law of Technical Contracts, which were enacted later. Above all, this law is inconsistent with the constitutional amendment adopted at the First Session of the Eighth NPC this year. In order to meet the urgent need of establishing a socialist market economic system, certain parts of the Law of Economic Contracts have to be amended as quickly as possible.

The bill on the draft law of guarding against illegitimate competition says: To safeguard the economic order in the socialist market, encourage and protect fair competition, stop illegitimate competition, and safeguard business operators' legitimate rights and interests, the State Administration of Industry and Commerce, on the basis of conducting investigation and study and extensively soliciting views, has drafted the draft law of guarding against illegitimate competition. The draft has been approved at an executive meeting of the State Council.

At the State Council's request, Yang Jingyu, director of the State Council Legislative Affairs Bureau, and Liu Minxue, director of the State Administration of Industry and Commerce, explained these two draft bills at today's meeting.

Qiao Shi Chairs Session

OW2206132293 Beijing XINHUA Domestic Service in Chinese 0910 GMT 22 Jun 93

[Text] Beijing, 22 Jun (XINHUA)—The Second Session of the Eighth National People's Congress [NPC] Standing Committee opened this morning at the Great Hall of the People.

Chairman Qiao Shi presided over today's session.

Entrusted by the State Council, Yang Jingyu, director of the State Council's Bureau of Legislative Affairs, and Liu Minxue, director of the State Administration for Industry and Commerce, respectively made explanations at the session on the draft amendments to the Economic Contract Law and the draft law against unfair competition.

Based on the deliberation by the Seventh NPC Standing Committee, the current session continued to deliberate on the draft law on scientific and technological progress, the draft law on the popularization of agricultural technology, the draft basic agriculture law, the draft supplemental regulations on the punishment for producing and selling counterfeit and inferior products, and the draft corporate law. At today's session, Chairman Xue Ju of the NPC's Law Committee; Li Yining, Xiang Chunyi, and Wang Shuwen, vice chairmen of the Law Committee; and Bian Yaowu, vice chairman of the Legislative Affairs Commission of the NPC Standing Committee, respectively made reports on the results of the examinations of these five draft laws and on the opinions on revising these draft laws.

At the session, Vice Chairman Tian Jiyun made an explanation on the draft decision on forming a preparatory work committee for the preparatory committee of the Hong Kong Special Administrative Region, and an explanation on the draft namelist of the members of the preparatory work committee.

A draft decision on the Portuguese version of the Basic Law of the Macao Special Administrative Region was also distributed to the Standing Committee members at the session for their examination.

Attending today's session were Wang Hanbin, Ni Zhifu, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Pagbalha Geleg Namgyai, Wang Guangying, Cheng Siyuan, Lu Jiaxi, Buhe, Tomur Dawamat, Li Peiyao, and Wu Jieping, vice chairmen of the NPC Standing Committee, and Cao Zhi, Standing Committee secretary general.

Attending the session as nonvoting delegates were Chen Junsheng, state councillor; Ren Jianxin, president of the Supreme People's Court; and Zhang Siqing, procurator general of the Supreme People's Procuratorate.

Draft Laws Examined

HK2306070793 Beijing CHINA DAILY in English 23 Jun 93 p 1

[By staff reporter Chang Hong: "NPC Starts To Examine Package of Draft Laws"]

[Text] Top Chinese legislators have started deliberating a package of draft laws—two of which focus on agricultural development—at the second session of the Standing Committee of the Eighth National People's Congress (NPC), which opened in Beijing yesterday.

A proposal to set up a special group to help preliminary preparations for Hong Kong's transition to China's rule is also on the agenda.

The draft Agriculture Law and the draft Law on Popularization of Agricultural Technology, which have been examined and revised in the Standing Committee's previous sessions, are expected to be approved this time.

Both laws aim to establish the top priority that agricultural growth enjoys in the national economy and to prompt the application of research results and advanced farming techniques.

The Agriculture Law outlaws arbitrary collection of charges from farmers and compulsory fund-raising directed at farmers.

Other bills considered yesterday covered scientific and technological progress, additional regulations for tougher punishment on producers and sellers of shoddy goods, and amendments to the Economic Contract Law.

For the first time, a bill to introduce the country's first anti-unfair competition law was submitted by the State Council for review.

According to Liu Minxue, director of the State Administration of Industry and Commerce, who explained the bill to the legislators, 12 types of business practices are listed as unethical.

Such practices include the marketing approach by some companies to boost sales of their products by offering buyers lottery tickets.

This marketing method has been frequently used by Chinese manufacturers and retailers.

Acquirement of other's business secrets is also defined as unethical practice, Liu said.

Apart from fines, violators may have their licences revoked and businesses closed. In serious cases, they face criminal charges.

At yesterday's session, Tian Jiyun, the NPC Standing Committee Vice-Chairman, spoke on the proposal of

setting up a preparatory working group for the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], which is to prepare the transition of power in Hong Kong in 1997.

According to Tian, the proposed group will comprise members from both the mainland and Hong Kong, while half of the members will be representatives from the territory.

Tian said the preparatory organ, which is under the jurisdiction of the NPC Standing Committee, will function until the Preparatory Committee is established in 1996.

He said the responsibilities for the preparatory organ include preliminary preparations for the formation of the first SAR government and the first Legislative Council. It will also advise on how social, political, economic and legal developments in Hong Kong would converge with the Basic Law.

Hong Kong Committee Named

HK2306032893 Hong Kong SOUTH CHINA
MORNING POST in English 23 Jun 93 p 1

[By Fan Cheuk-wan]

[Text] Chinese Vice-Premier and Foreign Minister Qian Qichen heads an impressive list of people nominated to the panel which will set up the Preparatory Committee for the Hong Kong Special Administrative Region (SAR).

Chinese sources revealed last night that the names of 27 mainland officials and 30 Hong Kong people had been submitted to this week's meeting of the Standing Committee of the National People's Congress (NPC) for approval.

The working group is to be named on July 2, the last day of the NPC session. It is to hold its first meeting early next month.

The SAR Preparatory Committee, to be established in 1996, is responsible for the formation of the first post-1997 legislature and the SAR government. Not less than half the members will be Hong Kong residents.

Director of the State Council's Hong Kong and Macao Affairs Office (HKMAO) Lu Ping was nominated as one of seven vice-chairmen and head of a high-powered secretariat for the working group.

Sources said Chen Ziyang, Mr Lu's deputy, and Qin Wenjun, a vice-director of the New China Agency (NCNA) [XINHUA] would be deputies in the secretariat.

Other mainland nominees as vice-chairman are NCNA Hong Kong director Zhou Nan; Mr Qian's deputy and chief negotiator in Sino-British talks on Hong Kong's future political system Jiang Enzhu and Zheng Yi.

The remaining three are Hong Kong vice-chairman of the Chinese People's Political Consultative Conference, Henry Fok Ying-tung and Ann Tse-kai; and former Appeal Court judge Simon Li Fook-sean.

Sources said the 27 mainland members included director of the HKMAO under the Foreign Ministry Zhao Jihua; HKMAO deputy director Wang Qiren; HKMAO department head Wang Fengchao; NCNA assistant director Lee Wai-ting; deputy head of the United Front Work Department Wan Zhao-fen; and NPC spokesman Zhou Chengkui.

Among the Hong Kong members in the body are former Executive Councillors Rita Fan Hsu Lai-tai, Sir Sze-yuen Chung, Maria Tam Wai-chu and Lo Tak-shing.

Other Hong Kong members include Li Ka-shing, Tsui Tsin-tong, Wong Po-yan, Fong Wong Kut-man, Dr Lau Siu-kai, Ng Hong-mun, Tsui Sze-man, Shao Yao-po, Cha Chi-man, Tsang Hin-tse, Liu Yiu-chu, Leung Chun-ying, Vincent Lo Hong-sui, Dr Raymond Wu Wai-yung, Lee Chak-tim, Law Shuk-ching, Tsang Yok-sing, Chu You-lun and Chan Yat-sun.

Sources said Legco [Legislative Council] members Ngai Shiu-kit, Tam Yiu-chung, David Li Kwok-po and Lau Wong-fat would also be nominated.

Earlier yesterday, the NCNA revealed that the working body would not be confined to paving the way for the preparatory committee. It said the body should propose solutions to ensure that political, economic and legal aspects in post-1997 Hong Kong dovetailed with the Basic Law. Liberals were not nominated to avoid political "bickering". But a Chinese source pledged the Chinese Government would widely consult the Hong Kong public, including liberals.

Members of the United Democrats of Hong Kong, Meeting Point and the Association for Democracy and People's Livelihood would not be appointed to the working body. "The panel is meant to be an effective working organisation and thus is seeking members who can co-operate with each other," a source said. "It is neither a forum for empty talks, nor for political discussion. It is a pragmatic organisation, members can't argue with each other every day."

It also emerged yesterday that China had rejected Britain's request to have a say in the appointment of Hong Kong members to the SAR Preparatory Committee. The source said Britain believed its involvement might help solve the dispute over the selection of legislators, elected in 1995, and serving beyond 1997.

China has repeatedly said the power to choose the legislators must rest with the preparatory committee.

Circular Demands Strict Adherence to Policy

OW2106112093 Beijing XINHUA Domestic Service in
Chinese 0633 GMT 21 Jun 93

[Text] Beijing, 21 Jun (XINHUA)—The CPC Central Committee Discipline Inspection Commission and the Supervision Ministry recently issued a circular in which they call on all local authorities to strictly observe party and government discipline and ensure that all economic policies and measures drawn up by the party Central Committee and the State Council are implemented.

The circular says: Guided by the important talks that Comrade Deng Xiaoping made during his inspection tour in southern China and by the guidelines laid down by the 14th national party congress, China's reform, opening up, and modernization drive has accelerated noticeably.

To facilitate the efforts of seizing the opportunity and maintain the good momentum of reform and development, the party Central Committee and the State Council have met on many occasions since the second half of 1992 to discuss problems that had appeared or might appear, and a series of important documents have been formulated and issued. The policies and measures in these documents were drawn up on the basis of the lessons learned from previous economic work and in the light of the current state of economic development, taking into consideration the interests of the whole, and thus they were essential, timely, and effective. In acting firmly in accordance with the central authorities' requirements and arrangements, many regions and departments have achieved fairly good results in carrying out these policies and measures in conjunction with their actual situations. However, some localities and departments have not been serious or determined enough in doing so. Some even have gone their own way. For example: Some have yet to decontrol the powers that enterprises are entitled to, and they have withheld and misused the funds meant for purchasing agricultural and sideline products, and thus the peasants' burdens have not been effectively reduced; without approval, some have set up various types of monetary institutions to borrow money directly, raise funds by paying high interest rates, and sell stocks and gift certificates; some have speculated on real estate and turned government organs into companies in violation of state regulations; and so on. One important cause of these problems is that some leading cadres' sense is not as sharp as before in upholding the solemnity of party and government discipline. Because they are not as conscious as before in following rules, orders are not strictly enforced, prohibitions are ignored, and government policies are resisted with countermeasures. Consequently, certain economic problems cannot be timely and effectively solved. In fact, some problems have become even more serious. On the whole, this has not only hindered the sound development of the national economy and the smooth progress of reform and opening up, but also has created new problems for these regions and departments.

The circular points out: Party discipline is an important organizational guarantee for maintaining a high degree of ideological and political unity among all party members so the lines, principles, and policies of the party will be correctly carried out, the party's fighting power can be enhanced, and the party's assignments can be fulfilled. As this was the case in the past, this should also be the case under the new situation marked by reform and opening up. Comrade Jiang Zemin has pointed out: "Emphasis on the sense of discipline has special significance under the new situation today. All senior cadres should be models in observing discipline." China's socialist construction and the establishment of a socialist market economic system are at a crucial period that has given rise to many unprecedented situations, contradictions, and problems. This particularly requires all party members, especially all leading party and government cadres, to have a consensus of views, provide stronger leadership, take the interest of the whole into account, and enforce disciplinary rules. Only by doing this can we surmount all types of difficulties and problems on our way ahead and continue to develop the hard-won gratifying situation.

To ensure that the series of policies, measures, and regulations that the party Central Committee and the State Council have drawn up are implemented and that all missions will be fulfilled, the Central Discipline Inspection Commission and the Supervision Ministry have set the following requirements:

1. Leading party and government cadres at all levels must achieve a unity of thinking and understanding and must earnestly heighten their concept of discipline. They must fully, correctly, and actively comprehend and implement the instructions in Comrade Deng Xiaoping's important talks and the guidelines laid down by the 14th national party congress. As for central policies, all regions and departments must implement them creatively, not mechanically, in accordance with their actual situations. Meanwhile, they must not act in such a way that they only consider local interests or the interests of small groups, and disregard or even jeopardize the interests of the whole; and they must end the misconceptions that "the economy has to be boosted, but discipline has to be relaxed." We must reiterate that party and government cadres at all levels, especially leading cadres, must safeguard the solemnity of party discipline and the unity of government orders, and that they must firmly establish the concept that the further the reform and open policy is carried out, the more it is necessary to observe discipline.

2. Leading party and government cadres at all levels must earnestly uphold the principle of democratic centralism. Leading cadres must strictly observe and carry out party and government discipline. While they should take the lead in setting examples with personal deeds, they should also strictly supervise and inspect the way their regions and departments implement the policies, measures, and regulations of the party Central Committee and the State Council so that their orders are

earnestly carried out and their authority is safeguarded. For those regions and departments that ignore the policies, measures, and regulations of the party Central Committee and the State Council and continue to resist government measures with countermeasures, the responsibilities of their leaders must be investigated. To ensure that all policies, measures, and regulations of central authorities are implemented, all propaganda units and media of the party must earnestly publicize the important significance of strictly observing discipline.

3. During their mid-year democratic meetings for leading party member-cadres, party committees and party organizations of government departments at above-county levels must examine their performance in implementing the instructions that the party Central Committee and the State Council have made in the reform and construction-related documents they issued since the second half of 1992. This should be considered as an important item on their agendas. Special efforts should be made to heighten everybody's understanding and reaffirm everybody's awareness of the need to observe discipline, take the interest of the whole into account, enforce orders, and obey prohibitions. Effective ways that prompt people to strictly observe discipline and earnestly implement central authorities' policies, measures, and regulations should continue to be upheld. Greater efforts should be made to implement those policies, measures, and regulations that have not been effectively implemented. Those who go their own way, who do not enforce orders, and who ignore prohibitions must be criticized and corrected with resolve.

4. All discipline inspection and supervisory organs must fully carry out their duties and consider it an important task to inspect the way the various policies, measures, and regulations that the party Central Committee and the State Council promulgated since the second half of 1992 have been carried out. Discipline inspection organs of the party must inspect how the lines, principles, policies, and resolutions of the party have been implemented; and supervisory organs of executive departments should inspect how state laws, regulations, policies, decisions, and orders have been implemented. This is an important responsibility that discipline inspection and supervisory organs are duty-bound to carry out. Safeguarding discipline and strictly enforcing disciplinary rules are totally consistent with preserving party member-cadres' reform and opening initiative and ensuring sound economic development. If the right and wrong of certain new situations and new issues appearing under the new situation of reform and opening up cannot be easily judged for the time being, greater efforts should be made to study them and greater care should be exercised in handling them. However, stronger supervision and inspection must be carried out to ensure that the policies, measures, and regulations that the party Central Committee and the State Council have formulated and promulgated are firmly implemented. By no means should they be replaced with something else as an excuse. While carrying out supervision and inspection,

the actual situations should be taken into consideration. Attention should be directed to the key issues and to discovering and handling cases of indiscipline, such as abusing power for personal gain and exchanging powers for money. Leaders of all discipline inspection and supervisory organs must take charge of this important project themselves and they should send personnel to check the results. Those who have exemplarily carried out central authorities' policies, measures, and regulations should be reported to party committees of corresponding levels for commendation; those who are not earnest or who go their own way should be criticized and corrected; and those who do not enforce orders and ignore prohibitions, and those whose serious violations have caused serious consequences, must be investigated and punished with resolve. Certain typical cases should be publicized after facts have been ascertained.

'Tough' Policy for Adjustment

HK2206085993 Hong Kong MING PAO in Chinese 22 Jun 93 p 2

["Special dispatch": "CPC Central Discipline Inspection Commission Lays Down Tough Administrative Measures To Prompt Localities To Guarantee the Implementation of the Economic Adjustment Policy"]

[Text] The CPC Central Discipline Inspection Commission and the Ministry of Supervision issued a circular and laid down tough administrative measures to prompt localities to strictly observe party and administrative discipline and ensure the implementation of the current economic adjustment policy. The circular criticized some localities and departments which "had not effectively" carried out the economic policies laid down by the CPC Central Committee and the State Council and some which "even went their own way and violated the policies."

In addition, when reporting the distribution of state treasury bonds, XINHUA criticized Heilongjiang, Jilin, Hainan, Shaanxi, Chengdu, Xian, and Tianjin, which did not fulfill their distribution tasks.

After Deng Xiaoping inspected the southern areas last year, China's reform, opening, and economic construction developed rapidly. The central authorities in Beijing found that the economic situation was overheated in the second half of last year.

Deng Xiaoping, however, called for grasping the opportunity to speed up economic development in a speech in early spring this year, and this embarrassed the central authorities. On the other hand, the local authorities received "paramount instructions" to speed up economic development and ignored the warnings of the central authorities. In the first quarter of this year, statistics showed that prices had increased sharply, and the scale of credit and capital construction had gone out of control. The central authorities were thus determined to exercise control over some economic fields. The

momentum of high-speed economic growth in various localities had already become irresistible, however.

Therefore, the CPC Central Discipline Inspection Commission and the Ministry of Supervision recently issued a circular, saying that, since the second half of last year, in order to solve and prevent problems in economic development, the CPC central leadership and the State Council held relevant meetings and formulated and issued a series of important documents which specified various policies and measures on the basis of summing up both positive and negative experiences in economic work. These policies and measures were responsive to the current economic situation and served the overall interests of the entire nation. So they were necessary, timely, and effective.

XINHUA quoted Jiang Zemin as saying that "under today's new situation, it is of special significance to stress discipline, and senior cadres should play an exemplary role in abiding by discipline."

The toughly worded circular issued by the Central Discipline Inspection Commission and the Ministry of Supervision required that party and government leaders at all levels actually maintain a strong sense of discipline and oppose the parochial behavior of only seeking the selfish interests of localities and small groups at the expense of the overall interests of the entire nation.

The circular warned that party and government leaders at all levels must strictly abide by and follow party and administrative discipline. While playing an exemplary role in this regard, they should also supervise and inspect the implementation of the policies, measures, and regulations laid down by the CPC Central Committee and the State Council in the localities and departments under their leadership, thus ensuring the effective execution of administrative orders and safeguarding the authority of the CPC central leadership and the State Council.

The circular required party committees and party leading groups inside government institutions at and above the county level to hold meetings to examine their own behavior. Their performance in carrying out the instructions related to reform and construction in the documents issued since the second half of last year should be an important topic of the self-examination. Effort should thus be made to enhance ideological consciousness and to firmly establish the idea of abiding by discipline, obeying orders, and safeguarding overall interests.

The circular stressed that discipline inspection and supervision institutions at all levels should focus their efforts on examining the implementation of the policies, measures, and regulations laid down by the party central leadership and the State Council since the second half of last year and should take this as one of their major tasks.

On the other hand, a XINHUA report said yesterday that, up to the end of May, state treasury bonds with a total value of 8.3 billion yuan were issued in various

localities throughout the country, but this accounted for only 27.6 percent of this year's distribution target. This result was unsatisfactory.

The report criticized some localities as mentioned above and also commended some localities which have ensured that most of the distribution targets will be fulfilled by the end of June. It named Qingdao City, which distributed 23 million yuan of state treasury bonds by the end of April and became the second-ranking locality, next to Tibet, in fulfilling the bond distribution target.

Up to early June, Shandong distributed 1.46 billion yuan of state treasury bonds, accounting for 84 percent of the annual target. At present, Fujian, Inner Mongolia, Guangdong, Guangzhou, and Shenzhen have issued state treasury bonds meeting over half of the annual targets.

Some localities have expressed their determination to fulfill the task according to schedule, including Shanxi, Hunan, Shanghai, Henan, Hebei, Beijing, Jiangxi, Hubei, Anhui, and Jiangsu.

Sources Say Dissident 'Abused' in Prison

HK2306061693 Hong Kong SOUTH CHINA MORNING POST in English 23 Jun 93 p 10

[By Daniel Kwan]

[Text] A Guangdong activist being held for allegedly trying to distribute pro-democracy handbills in Shanghai has written to his family asking for medicine and painkillers.

Sales manager Li Guohen, who was arrested two months ago with two other activists, wrote in his letter: "If I die, you must not be sad."

The letter, which was censored by the authorities, asked Li's wife to look after their daughter and his ageing mother.

"Lili (Li's wife), you must listen to me—take good care of yourself and see a doctor if you feel anything wrong," he wrote.

"Also, please tell my mother that she should not worry about me...I am afraid that I could only perform my filial duties after I am released."

Li's one-page letter asked his wife for two specific types of medicine for headaches along with painkillers and a traditional Chinese medicinal lotion.

"My old diseases have recurred and I have a very bad headache. Sometimes, it is killing me," he said.

"You know very well about my health records."

Sources said Li had been physically abused by prison guards and denied proper medical treatment. Other prisoners had heard him groaning in his cell at night after being beaten.

Li's wife had confirmed he was healthy and suffered no major diseases before his detention, the sources said.

The letter, which he wrote three weeks ago, was the first and only piece of information received by the family since the 32-year-old disappeared in early April. It was reported late last month that Li was detained at Guangzhou airport along with Liang Weimin and Wu Songfa.

The three were on their way to Shanghai and reportedly carried hundreds of handbills calling for a more democratic and open society. The authorities have so far declined to provide information on the arrests, although sources said the activists were detained at the Shunde Detention Centre Prison No 14.

Families of the activities were not allowed to visit them and it was not clear if the authorities would file any charges.

In Hong Kong, human rights activist John Kamm said he was worried about the incident, and it might affect Guangdong's relatively open image in the United States.

"Guangdong has benefited in the U.S. from a relatively good image on human rights. This event is very troubling for that reason," Mr Kamm said.

"I hope this isn't a sign that the provincial authorities in Guangdong are adopting a hardening of attitude towards dissident."

Meanwhile, the wife of prominent dissident Ren Wandong has asked the United Nations to intervene over alleged abuses of the 47-year-old dissident at the Beijing No 2 Prison.

In a letter addressed to the World Conference on Human Rights in Vienna, Zhang Fengying said Ren was manhandled by prison guards when she saw him during her monthly visit last week.

London-based rights watchdog Amnesty International said it feared Ren might have been put into solitary confinement and this could lead to a further decline in his health and mental well-being.

Leaders Attend Meeting on Opening of Enterprise

SK1806095693 Beijing BEIJING RIBAO in Chinese 21 May 93 p 1

[Text] On 20 May, the China Beijing Quanjude Group and the China Beijing Quanjude Roast Duck Group Company were formally established. Leading comrades Wan Li, Tian Jiyun, Chen Xitong, Ngapoi Ngawang Jigme, Sai Fuding, Ai Zezi, and Huang Hua attended the inaugural meeting. Tian Jiyun, vice chairman of the Standing Committee of the National People's Congress, cut the ribbon for the establishment of the group.

Quanjude was established in 1864. At that time, it only occupied a small area on Qianmenwai. Since its establishment, Quanjude has gone through all kinds of hardships and difficulties. After liberation, with the support

of the party and the government and with the concern of Premier Zhou Enlai, Quanjude Roast Duck Store gained, in a step-by-step manner, its own special characteristics. Quanjude has now developed several chain stores in the municipality and more than 50 chain stores outside the municipality and has started to set up chain stores abroad. As a gem of the Chinese nation's catering culture, Quanjude roast duck has become an internationally famous dish.

Although Quanjude has made great headway and is basically independently managed. Each and every store acts according to its own ways in the aspects of fostering the enterprise image, pioneering domestic and international markets, conducting management, and in offering service. Therefore, it was difficult for Quanjude to become efficient on an appropriate scale. Initiated by the municipal leaders, the China Beijing Quanjude Roast Duck Group and the China Beijing Quanjude Roast Duck Group Company, with the purpose of "carrying forward the national cultural achievements, rejuvenating China's catering trade, developing modernized catering service group, stepping out of the gate of the country, and stepping toward the world," were established amid the upsurge of reform and opening up. All this has made the golden sign board of Quanjude radiate with new splendor, made Quanjude become Beijing's first catering trade group enterprise, and set a good example for developing Beijing's catering trade and pushing the pick of the Chinese nation, including the old shop named "Quanjude," to the whole world.

Yang Dengyan, president of the board of directors of the Quanjude group and manager of the group, described the group's situation. The China Beijing Quanjude Roast Duck Group Company is composed of the Beijing Quanjude Roast Duck Store, the Qianmen Quanjude Roast Duck Store, and the Wangfujing Quanjude Roast Duck Store. Simultaneously, the China Beijing Quanjude Roast Duck Group was established by organizing 49 inseparably layered and semi-inseparably layered enterprises into one.

Present at the inaugural meeting were leaders of the central departments concerned and Beijing Municipality, including Cao Zhi, Hu Ping, Li Qiyuan, Jiao Ruoyu, Wang Lei, Wang Xian, Zhao Pengfei, and Bai Jiefu. Vice Mayor Meng Xuenong made a speech. He wished that Quanjude roast ducks with the first-grade colors, smells, tastes, and shapes would be pushed to the world as soon as possible.

Commentary on Pioneering Spirit, Part Six

HK2206043793 Beijing GUANGMING RIBAO in Chinese 10 Jun 93 p 1

[Commentator's article: "Be of One Heart and One Mind, Take the Interests of the Whole into Account—

Sixth Discussion on Carrying Forward the Great Pioneering Spirit of the New Period"; Part Five was published on pages 34 and 35 of the 14 June China DAILY REPORT]

[Text] To build up a prosperous, powerful, democratic, culturally advanced, modern, and socialist country is conditional on many factors, and one of them is working with one mind and taking into account the whole situation. Working with one mind and taking the whole situation into account serves as a prerequisite and a basis for us achieving something big and also provides a guarantee that we will constantly achieve new successes in building socialism with Chinese characteristics.

"Many hands make light work," "unity is strength," and "unity ensures victory." All these famous dictums proved correct in the past and will now. Building socialism with Chinese characteristics is a great cause and it can be accomplished only by pooling together the concerted efforts of 1.1 billion people rather than by only replying upon some people or some areas. Immediately before the Third Plenary Session of the 11th CPC Central Committee was convened, in his famous speech entitled "Emancipating the Mind, Seeking Truth From Facts, and Looking Forward in Unity," Comrade Deng Xiaoping pointed out: "So long as we unite as one, work with one mind, emancipate our minds, and use our brains in a bid to learn what we do not understand, we will certainly quicken our pace in the new Long March." At the 14th CPC National Congress, Comrade Jiang Zemin stressed once again: "The party's unity is its life. At this critical time when we need to speed up reform, opening to the outside world, and the modernization drive, it is particularly important for the comrades of the entire party to close ranks on the basis of the party's basic line." Our basic experience is that we can score successes in our cause by bringing about, through achieving the unity of the entire party, the great unity of the whole people and of various nationalities across the country.

It is an unshirkable duty of leading cadres at various levels to achieve the party's and the people's unity. Whether leading cadres can unite with other people in the areas, departments, and units under them in carrying out reforms and promoting the four modernizations mirrors not only their work style but also their ideological style and level. A leading cadre who is big-hearted and willing to serve the people heart and soul will correctly handle the contradictions among the people and address various problems in work, will not allow himself to be swayed by previous ill or personal feelings, will not vie with his colleagues to see who is given a higher post, and will not appoint people by favoritism. Accordingly, he will apply scientific and correct methods to promoting work in various fields, unite with people from "all corners of the land," and succeed in encouraging large numbers of party members and people to participate in reform, opening up, and economic construction. If he fails to do so, the situation will be quite different.

Taking the whole situation into account is vital to encouraging the people to work with one mind and to forge ahead in unity, and it is also a major embodiment of the pure party spirit of a communist. By the whole situation, we mean the overall situation. If one takes the whole situation into account, he will subject personal interests to collective ones, the interests of the part to those of the whole, and immediate interests to long-term ones. If one takes care of only personal interests to the neglect of collective ones, he commits individualism; if he takes care of only immediate interests to the neglect of long-term ones, he is short-sighted; and if he takes care of only the interests of the part to the neglect of the whole, he commits selfish departmentalism. As a result, he will do harm both to himself and to his country. Comrade Mao Zedong once told the whole party: "Every comrade must be brought to understand that the supreme test of the words and deeds of a communist is whether they conform with the highest interests and enjoy the support of the overwhelming majority of the people." In the new period of reform, opening up, and developing a socialist market economy, the supreme test of every party member and his words and deeds and of the work in individual fields is still whether they are based on the interests of the whole and the basic interests of the people. We must in no way violate this principle.

If we really take the whole situation into account, we must combat all sorts of local protectionism. To develop a socialist market economy, gradually set up a new socialist market structure, and set up the economic basis and the superstructure which correspond with the socialist market economy and the new socialist market structure are strategic tasks set by the 14th CPC National Congress and are where the basic interests of the entire party and the people of the whole country lie. Those who uphold all sorts of local protectionism, actuated by a desire to protect the partial interests, namely the interests of their own areas, departments, and units, do not hesitate to undermine policies and administrative decrees, laws, and regulations, and violate the law governing the socialist market economy, thus infringing upon the people's basic interests. They even impaired the overall interests; namely, the national interests by providing protection for backward things and criminals.

If we really take the whole situation into account, we must safeguard the authority of the party and government as well as the authority of laws and discipline. The actual situation is like this: The party and government often fail to ban what they desire to ban by giving repeated orders, and the policies, laws, and statutes are not enforced. Some people have once again gone their own way in disregard of orders and prohibitions. We should regard this as a serious problem in the present period when the old economic system is being replaced by a new one. We are eliminating the old highly centralized planned economy, which is still functioning as it has not been completely abolished, while trying to set up a new socialist market economy, which is far from being established. Under the circumstances, in formulating

major policies, the party and government must adapt policies to the deepening of reform and setting up of a new economy and take the whole situation into account. If we pay no heed to the need to take overall interests into account or even do exactly the opposite, we will undermine the normal order needed for building socialism and obstruct the development of the socialist market economy. Therefore, it is necessary to conduct, in the overall interests, education on democratic centralism, discipline, and laws among all levels of leading cadres so that discipline and laws will be strictly enforced and that unified policies and administrative decrees will be correctly implemented. Only in this way can we ensure that the cause of building socialism with Chinese characteristics will proceed without a hitch and that the strategic goals set by the 14th CPC National Congress will be attained.

Article Eulogizes Hu Qiaomu for Literary Work

HK2206093093 Beijing RENMIN RIBAO in Chinese
30 May 93 p 5

[Article by Li Qi (2621 3823), Pang Xianzhi (6614 0341 4249), Jin Chongji (6855 0394 0644), and Pan Rongting (3382 2837 1656): "He Laid the Foundation Stone for the Party's Documentation Work—In Deep Memory of Comrade Hu Qiaomu"]

[Text] Comrade Hu Qiaomu was a noted Marxist revolutionary and theorist as well as an outstanding leader on the CPC's ideological front. He worked for a period of 25 years for the CPC Central Committee and at Comrade Mao Zedong's side. During the new historical period following the Third Plenary Session of the 11th CPC Central Committee, he did a great deal of work in ideological theory and building under the leadership of the CPC Central Committee and Comrade Deng Xiaoping. Central leaders call him the "pen" of the CPC. Comrade Qiaomu's outstanding ability in this regard shows that he was indeed a rare person in the party's history.

Over the decades, Comrade Qiaomu was charged with extremely heavy tasks in the party's important posts. He did a great deal of work without attracting public attention. He was well known for his literary talent within and outside the party. However, there were very few articles personally signed and issued by him. We have now gradually come to learn that many of the party's documents, manuscripts of important speeches delivered by central leaders, important editorials in the major central newspapers, and articles by the Editorial Department were written by Comrade Qiaomu. Although he was not a policy decisionmaker at the core of central leadership, many of the CPC Central Committee's major policy decisions and important ideological and theoretical viewpoints were made public to the whole party, nation, and the world at large through his meticulous and graceful writing. He was one of the main participants and drafters of the two noted resolutions on historical problems. While drafting these important documents, he

took infinite pains, weighed the words repeatedly, was scrupulous about every detail, and constantly tried to improve the wording with a high sense of historical responsibility.

The party's documents are the direct records left over from the long-term practice of the people of the whole country engaging in revolution and construction under CPC leadership. As the best witness of history, they truly reflect the thinking, explorations, and policy decisions of the generations of CPC leaders to promote revolution and construction. Whether we regard them as successful experience or lessons drawn from failures, they are the valuable spiritual wealth of our nation. Comrade Qiaomu was engaged in the editorial and research work on the party's documents for the long period of 50 years. Following the Third Plenary Session of the 11th CPC Central Committee, he simultaneously assumed office as director of the Committee for Editing and Publishing Mao Zedong's Works and director of the Party Literature Research Center, pushing the party's literature work to a new height. Making tremendous contribution to the party's literature work, Comrade Qiaomu is worthy of the title of developer and foundation stone layer of the party's literature work.

Comrade Hu Qiaomu arrived in Yanan in 1937 and became Comrade Mao Zedong's secretary in 1941. Not long afterwards, he joined the compilation work for *Since the Sixth CPC Congress*, *Before the Sixth CPC Congress*, and *The Two Lines*. Comrade Mao Zedong was in charge of the work and Comrade Qiaomu was his chief assistant. These books were compiled to meet the needs of party rectification, sum up the party's historical experience, and upgrade the whole party's ideological and political level. Comrade Qiaomu recalled that *Since the Sixth CPC Congress* and *Before the Sixth CPC Congress* were compiled first. Later, Chairman Mao thought that the compilation of *Since the Sixth CPC Congress* was insufficient. Hence, the third book, which was less lengthy and which clearly reflected the two different views within the party, was compiled. A systematic perusal of these documents enables us to see the arduous course traversed by the Chinese Communists during those years and prove which proposals were correct and which were wrong through the test of practice, comparison, and study. During the Yanan rectification, senior party cadres distinguished between right and wrong through a profound study of Marxist theories and the party's historical documents, which resulted in the first resolution on historical problems and the triumphant convocation of the Seventh CPC Congress.

Following the PRC founding, Comrade Qiaomu was very busy. He participated in the drafting of many important documents, such as the "Common Program" on the eve of the PRC founding, the 1954 Constitution, and the Eighth CPC Congress documents. He wrote a number of influential documents in the form of editorials or articles from the editorial department, including "Second Commentary on the Historical Experience of the Proletarian Dictatorship" and "Tibet's Revolution

and Nehru's Philosophy." His special work *The 30 Years of the CPC*, which was published in 1951, became the first important teaching material for party history following the PRC founding. His greatest contribution during this period was the compilation of the *Selected Works of Mao Zedong*. He was responsible for proof-reading the text and even the punctuation in the *Selected Works of Mao Zedong*, Volumes 1 to 4, and he was also the chief editor of Volume 4. Many explanatory notes to the titles and annotations in this volume, which contained important ideological contents, were written by him. Comrade Qiaomu made painstaking efforts to compile the *Selected Works of Mao Zedong*. Although the name of the editor did not appear in this volume, the painstaking efforts he made appear through the whole book and will go down in history.

The convocation of the Third Plenary Session of the 11th CPC Central Committee indicated that China had entered the new period of building socialism with Chinese characteristics. While Comrade Deng Xiaoping was leading the whole party to set things right and establish a correct ideological, political, and organizational line, Comrade Qiaomu fully displayed his talents. Comrade Qiaomu was involved in the Third Plenary Session of the 11th CPC Central Committee Communique and many important documents. At a conference held by the Central Propaganda Department in January 1979, he delivered a speech entitled: "On the Formulation of Class Struggle During the Period of Socialism," in which he sharply pointed out the "leftist" mistake of taking class struggle as the key link and not grasping the four modernizations. It was a forceful article for our party to set things right on the ideological and theoretical front and to criticize the "leftist" guiding ideology of taking class struggle as the key link. During the drafting of the "Resolution on Certain Historical Problems of the Party Since the PRC Founding" from 1980 to 1981, Comrade Xiaoping exercised leadership over and was in charge of the entire drafting work while Comrade Qiaomu was in charge of the drafting group. Like the 1945 historical resolution, this resolution played an important role in summing up historical experience, distinguishing between right and wrong in political matters, unifying the thinking of the whole party, and seizing new victories.

Following the Third Plenary Session of the 11th CPC Central Committee, with Comrade Qiaomu in charge, a great breakthrough was made in the party's literature work. While continuously compiling and publishing the works of Mao Zedong, the works of the revolutionaries of the elder generation including *Selected Works of Zhou Enlai*, *Selected Works of Liu Shaoqi*, *Selected Works of Zhu De*, and *Selected Works of Ren Bishi* were compiled and published. Moreover, biographies and chronicles of these leaders were also compiled and published. In order to draw historical experience and promote the study of CPC history, Comrade Qiaomu approved the compilation and publication of a collection of CPC Central Committee documents from the period before the PRC's

founding (a total of 18 volumes and around 10 million characters). The stress was put on compiling and publishing collections of contemporary party documents from the new period since the Third Plenary Session of the 11th CPC Central Committee, including *Since the Third Plenary Session of the 11th CPC Central Committee Since the 12th CPC Congress*, and *Since the 13th CPC Congress*.

During this period, Comrade Qiaomu spent most of his time in compiling and publishing the most important works including *Selected Works of Deng Xiaoping* and *Building Socialism With Chinese Characteristics*. Comrade Qiaomu carefully examined the selection and arrangements of the articles and notes and finally submitted them to Comrade Xiaoping for examination and approval. The publication of Deng Xiaoping's works played, and continue to play, a tremendous guiding role in the new period of reform and opening up and in triumphantly taking the road of building a powerful and modern socialist country. These works represent the theory of building socialism with Chinese characteristics.

Following the 13th CPC Congress, Comrade Qiaomu withdrew to the second line so that he could use more time to guide the literature work, particularly to lead the revision of the *Selected Works of Mao Zedong*, Volumes 1 to 4. The principles and specific opinions for the revision of Mao's works were determined under Comrade Qiaomu's specific and comprehensive guidance. In the entire course of compilation, whenever we asked him for instructions, in his residence or the hospital where he was receiving treatment, he was willing to meet us and give definite and detailed answers. He also personally took charge of and meticulously compiled the new edition of *Selected Poems of Mao Zedong*, which was well received by the vast numbers of readers. To date, this is the most authoritative edition of Mao's poems. Comrade Qiaomu said that Chairman Mao paid great attention to his poems, and special people take care of his manuscripts. Whenever he thinks necessary, he would make some alterations or copy the poem again. Comrade Qiaomu believed that Chairman Mao's good poems had more vitality than some of his articles and could be easily passed down to the later generations. During his illness, he proposed compilation of a multivolume *Collected Works of Mao Zedong*. He repeatedly made comparisons of the layout and worked out a plan for the collection. Comrade Qiaomu cherished a deep affection for Comrade Mao Zedong, regarding Chairman Mao as his guide. He said: "If the collected works are not compiled, I cannot live up to the expectations of Chairman Mao." Thanks to his proposal and the approval by the central government, the compilation and publication of the important collected works have been regarded as a project to commemorate the centenary of Mao Zedong's birthday.

Comrade Qiaomu was a man of learning. He attained many achievements and turned out many works throughout his life. In addition to his natural gifts, he

also relied on practice and hard work to attain such great achievements. In the long-term revolutionary struggles, he insisted on integrating theory with practice, studied hard, and was a good thinker. He read many books and his wide range of knowledge is indeed rare. It is by no means an exaggeration to say that he was an erudite person. Viewed from the compilation of the documents, we can clearly see the following characteristics in Comrade Qiaomu: First, he attached great importance to theory and had high theoretical accomplishments. He said that the compilation and sorting out of documents should be tenable theoretically and he expected the comrades of the literature research center to upgrade their theoretical levels. Second, he is familiar with party history. Besides having the opportunity to frequently approach the party's revolutionaries of the elder generation, taking part in the important meetings of the CPC Central Committee, drafting important documents for the CPC Central Committee, and understanding the process of policy decisions by the party on many major issues, he also read many books on Chinese and foreign history and took warnings from history. Third, he absorbed extensive political, economic, military, philosophical, and literary knowledge and was an erudite person. He had a good command of classical Chinese novels like the *Three Kingdoms* and used quotations from these books to write annotations. Fourth, he had superb skill in writing. He expressed his ideas impressively in the articles, which contain profound ideological contents. He paid special attention to his choice of words and his articles were meaningful. The articles revised by him became vivid by the change of a few words. All the comrades engaged in literature work under his leadership agreed on this point. With Comrade Xiaoping in charge, Qiaomu finally made a draft of Mao Zedong's famous speech "On 10 Major Relations," which was confirmed by Mao Zedong. Fifth, he maintained a strict style of study. In either compiling or writing, Comrade Qiaomu always thought very carefully and set strict demands.

The party's literature work had a political and scientific nature. The work was established and developed under the direct leadership and concern of Comrade Qiaomu. The Central Literature Research Center, as an organ specially engaged in the party's literature compilation and research work directly under the CPC Central Committee, developed step by step under the direct and specific guidance of Comrade Qiaomu. Despite his responsibility over major principles, he gave us specific guidance and help by scrutinizing large numbers of manuscripts every day. On matters of principle, he always asked us to request approval from the central authorities and to strictly implement decisions after they had been made. He often encouraged us to work hard and occasionally made acute criticisms. Nevertheless, he cherished his comrades and often explained the truth to convince them. When answering a question, he always tried to prove the truth and give explanations, even when he was ill or his health was failing. Academically, Comrade Qiaomu was easy to approach. Anyone could raise

any doubts and his own opinions to him and he would hold discussions with and try to convince him. Comrade Qiaomu was a learned man with rich experience but he never made hasty judgments on special issues. He always urged us to ask advice from experts. During our meetings with him, we could gain enlightenment on every occasion. His words had the power of wisdom and logic.

While leading the party's literature work, Comrade Qiaomu was never satisfied with the achievements attained. Instead of sticking to convention, he manifested the spirit of continuously forging ahead. He often proposed new tentative ideas and tasks in light of the developing situation, which reflected his foresight on major issues. Here are a few examples:

On reform of annotation work. Annotation on the works of the revolutionaries of the elder generation started from the first edition of the *Selected Works of Mao Zedong*. It should be noted that annotation on the first edition was good on the whole, which later offered important experience for annotation on the works of the revolutionaries of the elder generation. However, there were also shortcomings, mainly the unnecessary comments and political phrases included in the annotations. Because of the authority of the *Selected Works of Mao Zedong*, later annotation work followed this pattern and no one dared introduce a change. It was Comrade Qiaomu who broke through the pattern and called for a reform of annotation work. He pointed out as early as 1984: "In recent years, I have revised the annotations in some works. I have realized that comrades drafting the explanatory notes have a common problem; that is, too many comments and conclusions, like a judge passing a verdict. This is probably influenced by annotations in the *Selected Works of Mao Zedong*. Chen Boda used to draw conclusions while drafting explanatory notes for the selected works. Later, Kang Sheng said that Chairman Mao personally read the notes. As a result, what is included in the annotations on the works are 'truths' which cannot be altered. In other words, if a person is dubbed a bad man according to the notes, it will be difficult for him to stand up. As a matter of fact, people change. A number of those criticized by Lu Xun at that time later became good comrades." How should the work be reformed? Comrade Qiaomu said: "Annotations should mainly introduce the historical background and basic conditions of the people and incidents in order to help readers understand the text. Never try to add comments and conclusions." This was an important innovation in the party's literature work. The literature research center, and other units and departments concerned, also followed this new pattern advocated by Comrade Qiaomu for annotation work.

"Legislation" for compilation work: In June 1988, Comrade Qiaomu urged the literature research center to study the major issues involving literature compilation, submit a special report to the central authorities, and ask the central authorities to make a decision. In light of Comrade Qiaomu's opinion, we submitted a report to

the central authorities in which we proposed the principles and methods for handling the problems in the party's literature compilation work. The report, which was examined and revised by Comrade Qiaomu, was approved by the central authorities. It was tantamount to making "legislation" for the party's literature compilation work and illuminating the direction for us.

Literature work should be responsible toward the readers. While leading the literature work, Comrade Qiaomu had a definite guideline; that is, serve the readers, hold ourselves responsible to readers, and think for the readers at all times. For example, while revising the *Selected Works of Mao Zedong*, Comrade Qiaomu said that an errata sheet should be attached to the end of each volume. He said that we should be responsible toward readers in our revision work. Without such a sheet, the readers would not know which parts of the second edition had been altered. However, with such a sheet, they can clearly see the alterations. Meanwhile, we can accept supervision by the readers. From his high sense of responsibility, Comrade Qiaomu conscientiously engaged in the work of compiling the leaders' collected works. Whenever he received the manuscript of a book or article, he would not stop thinking about the selection of topics, formulation of important theoretical viewpoints, verification of historical facts, and even the use of punctuation. Whenever he thought of a problem, he would immediately inform the Literature Research Center. When he was recuperating in Shanghai one year, he talked for two hours on the telephone, expressing his views on dozens of annotations in the *Selected Works of Liu Shaoqi*.

Turn out highly finished products: In our literature compilation work, we had always adhered to the principle of careful selection and compilation. In this regard, Comrade Qiaomu was always strict and scrupulous. He often made repeated considerations while selecting articles. While compiling the *Selected Readings From the Works of Mao Zedong*, (New Edition) in 1986, we originally had considered selecting "Being Red and Expert" and "Continuous Revolution" from "60-Point Methods of Work (Draft)." After going over it, Comrade Qiaomu proposed selecting only "Being Red and Expert." He was very strict in sorting out the manuscripts. To mark the 40th anniversary of the Yanan Forum on Literature and Art in 1982, we had considered the publication of Comrade Mao Zedong's speech at the Lu Xun Art Academy in 1938. While sorting out the manuscripts, we did know from where a passage was derived: "Xu Zhimo once said, 'A poem resounding in the secluded valley like a silver needle.'" When it was submitted to Comrade Qiaomu for perusal, he particularly asked us to check the origin. He also suggested that the term "silver needle" might be "silver bell." After checking, we found the quotation "resounding in the secluded valley like a silver bell" from the article "An Interesting Piece of News" from Lu Xun's *Part Two of the Huagai Collection*. Lu Xun made the remarks by quoting Xu Zhimo. Through repeated verification, we

eventually found the error in the records. This example proved that Comrade Qiaomu was a learned person and that he set strict demands on editing work. We realized deeply from a large number of similar cases that to do the party's literature work well, there is no end to learning. Only by working with perseverance like Comrade Qiaomu can we turn out genuinely fine products. Comrade Qiaomu paid great attention to the: Accuracy of the facts, figures, quotations, and phrases involved in the manuscripts; compactness of grammar and logic; and standardization of punctuations. There are numerous such examples to mention individually. There was only one reason why Comrade Qiaomu set such strict demands and that was to constantly improve the quality of literature compilation work and create first-rate products.

Training cadres: It is the constant working principle of Comrade Qiaomu to attain achievements and train talented people. On a certain occasion in 1984, he said with deep feeling: "It is no easy job to do editing work. We should take note of training talented people in this field." He would promptly encourage the comrades for their hard work and achievements attained. For example, following the publication of *Zhou Enlai's Biography (1898-1949)*, *Selected Works of Deng Xiaoping*, and other books, he immediately expressed his satisfaction over the editing and affirmed the work. He commended a comrade for participating in editing the *Poems of Mao Zedong* in 1986. He said: "The careful and detailed verification and supplement to the annotations and the great efforts made are indeed admirable." Comrade Qiaomu deeply cherished and showed great concern for cadres. In August 1991, he had a conversation with the person in charge of the literature research office. He especially pointed out: "You shoulder heavy responsibilities. However, it is not good for cadres to remain excessively strained for a long time. You should manage time to study. Only by studying and thinking can we upgrade our work." He passed away a year after he made this remark. For the sake of training and improving cadres, he expressed such concern from the bottom of his heart.

The brilliant achievements attained by Comrade Qiaomu throughout his life cannot be summarized in this short article. His contribution was multifaceted and the people will never forget his contribution to the party and the cause of the Chinese people. As Comrade Qiaomu's birthday falls on 1 June we have written down these facts to show how we miss him. Comrade Qiaomu has left us. We will always remember his earnest instructions made over the years. We must emulate his lofty style and study the ideology and theories he left behind him.

Beijing To Demolish Homes in Bid for Olympics

HK2106111693 Hong Kong AFP in English 0933 GMT
21 June 93

[By Philippe Massonnet]

[Text] Beijing, June 21 (AFP)—Beijing authorities are to demolish a whole district and expel some 200 families living there this week as part of plans to spruce up the city ahead of the Olympic Games, which the Chinese capital has not even been awarded yet. After six months of resistance, the 200 families are finally packing their bags ahead of their expulsion from the Yonganli quarter, located in a business district in the east of the city.

Before Friday [25 June], the 1,000 people who have lived for more than 20 years in ramshackle buildings will make way for luxury homes, office towers and a commercial centre more in keeping with Beijing's vision of itself as the modern host of the 2000 Olympics. "To ensure Beijing's success as a candidate for the Olympic Games, it is necessary to demolish any dirty, dilapidated or disorganised housing," the office in charge of modernising the area said in a letter to residents.

"No one wants to remain in these flats, but the problem is we don't know where to go. We have been given a week to leave," said one angry resident who moved out Sunday along with around 100 others in a tense atmosphere and under the close watch of police.

The city has built some temporary replacement housing in a suburb but few residents have moved, complaining of the distance, poor transport and a lack of heating and water. Families have been promised that they will be resettled in new, modern apartments in the outskirts in around 18 months.

Although they are pleased at the prospect of better accommodation, albeit at a higher price, they still have doubts about the promises. Many recalled the situation in a neighbouring area where residents were moved to make way for the capital's tallest building, the Jing Guang centre. Despite promises of resettlement in two years, they are still waiting after six years.

When the city authorities first asked people to leave Yonganli six months ago, they met with strong opposition. Residents demonstrated in front of the town hall, outraged at the expulsions and the demand for high deposits on their future apartments. The deposits were finally returned, but there was no reprieve of the expulsion order and warnings from the authorities were stepped up.

Official posters and the permanent presence of uniformed and plain-clothed police attested to the fact that the authorities would tolerate no further dissent. For the past week, residents have had to put up with the sound of broadcasts giving the reasons for the resettlement and calling for public backing for Beijing's Olympic bid. Beijing has launched a campaign to suggest a big display of public support for the games, forcing taxis to put stickers in their rear windows and businesses to display banners.

During an International Olympic Committee (IOC) inspection tour of Beijing in March, authorities cut

heating supplies, even to hospitals, to reduce air pollution in the city. Dannong, the diversified group that has acquired the land and neighbouring plots for the development of Yonganli and the surrounding area, has already spent huge sums, and its executives are growing impatient. One of those executives is Chen Xiaotong, son of the powerful Chen Xitong, a former mayor of the capital, party secretary for Beijing and none other than the head of the committee organising the Olympic bid.

Beijing residents have been told the mushrooming of building projects in the past year, which are to transform the city and shift much of the population to the suburbs, is a race against time because of the Olympics. But if Beijing, whose main rival for the games is Sydney, is not chosen in Monaco on September 23, many of those who have justified their investments as being in the public interest will lose out in the eyes of the public.

Floods Kill 16, Cause Property Damage in East

*OW2206152093 Beijing XINHUA in English 1501
GMT 22 Jun 93*

[Text] Nanchang, June 22 (XINHUA)—Recent rainstorms in eastern Zhejiang, Jiangxi and Fujian Provinces have caused some 16 deaths and great property losses.

Rainfall has surpassed 300 mm in some areas of Zhejiang Province since June 14. Floods have breached some sections of river dykes, killed 16 people, destroyed 66,200 rooms, inundated 110,000 hectares of farmland and stranded 355,000 people and hampered production in 3,545 factories, mines and enterprises.

Rainstorms that ripped across eastern China between June 11 and 20 have threatened reservoirs and rivers and have washed out farmland in 36 counties of Jiangxi Province. More than 2.56 million people in the area have suffered from the flood, with more than 20,000 people being stranded for a short period.

Floods in the northern section of Fujian Province destroyed hundreds of houses, roads, bridges and irrigation works. The downpour also inundated rice land extending for more than about 4,700 hectares.

At present, local officials and residents are making every effort to fight floods.

China's First Mapping Law To Take Effect

*OW1806151093 Beijing XINHUA in English 1226
GMT 18 Jun 93*

[Text] Beijing, June 18 (XINHUA)—China is speeding up preparations for implementing the country's first law on mapping, which will be put into effect July 1.

The Law on Surveying and Mapping was approved by the 29th meeting of the Standing Committee of the Seventh National People's Congress, China's parliament, last December.

The law will provide criteria and a basis for China's mapping management and work.

Jin Xiangwen, director of the State Bureau of Surveying and Mapping, told a press conference here today that the implementation of the law marks further improvement of the construction of China's legal system.

The work of surveying and mapping involves over 20 sectors in China. Concerned state organs have sped up preparations since the law was promulgated at the end of last year.

At present, some administrative and local rules and department regulations attached to the mapping law are being drafted or revised. Such regulations include those on geodesy (surveying of the earth surface), management of map compilation, protection of surveying stakes and so on.

Officials said that these regulations will come into being one after another after the mapping law is put into effect.

Meanwhile, concerned departments have also sponsored training courses, compiled publications to explain the law, and sponsored knowledge contests on mapping.

The State Bureau of Surveying and Mapping has designated June 20, the coming Sunday, as a day to spread the knowledge of mapping and the mapping law among the public in major Chinese cities.

Military

Jiang Zemin Inspects Troops in Xian

HK2306080693 Beijing JIEFANGJUN BAO in Chinese 17 Jun 93 p 1

[Report by Liu Changqing (0491 1603 7230) and special correspondent Meng Junyi (5536 0193 1837): "When Inspecting Troops in Shaanxi, Central Military Commission Chairman Jiang Zemin Stresses Upholding the Basic Line, Carrying Forward Fine Traditions, and Comprehensively Enhancing Troops' Combat Capability"]

[Text] While inspecting troops in Shaanxi, Jiang Zemin, CPC general secretary and chairman of the Central Military Commission, stressed: In the process of promoting reform and opening up and of developing a socialist market economy, the Army must constantly develop in line with the new situation. What is most important is that the whole Army must be equipped with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his thinking of army building for the new period, uphold the party's basic line, strictly carry out the military strategic principle for the new period, study hard, take pains to train, and carry forward our Army's fine traditions so as to enhance their combat effectiveness. Only in this way can the Army make greater contributions to the socialist modernization drive and to the building up of national defense.

Accompanied by Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and secretary of the CPC Secretariat; Fu Quanyou, member of the Central Military Commission and director of the General Logistics Department; Chen Chao, deputy commander of the Lanzhou Military Region; Zhang Boxing, secretary of the Shaanxi Provincial CPC Committee; and Bai Qingcai, governor of Shaanxi, Jiang Zemin visited Shaanxi on an inspection tour from 9 to 15 June. He visited a number of Army units and military industrial enterprises including an aerial survey regiment of the Air Force, a group army, the Xian satellite survey and control center, and the Shaanxi provincial military command to learn about the situation and call on officers and men.

On 9 June, as soon as he alighted from the plane, Chairman Jiang Zemin made his way to an aerial survey regiment of the Air Force. When he learned that over the forty years following its founding the regiment has flown 10,862 sorties, covering 71.79 million km, and accomplished the task of aerial surveys over an area of 32.23 million square km, Chairman Jiang was overjoyed.

On the morning of 10 June, Chairman Jiang, who had spent the previous night on board the train, ignored fatigue and came to visit a group army. He attentively listened to a detailed report on the development of the group army and inspected the troops in spite of the rain. He encouraged the large number of officers and men to "always bear in mind their sacred mission to continuously write the glorious chapters."

While in the Xian satellite survey and control center, after learning that the center had successfully accomplished the tasks of surveying and controlling 30 satellites, Chairman Jiang kindly encouraged the staff to continue scaling new heights in science and technology boldly so as to make new contributions to the modernization of the Army.

While in the provincial military command, the chairman cordially received leading comrades of the troops stationed in the Xian area and of military academies and colleges.

While inspecting the troops, Chairman Jiang repeatedly stressed: At present, our central task is to make concentrated efforts to promote economic development. To achieve this, we must maintain a political situation of stability and unity. The Army plays a particularly important role in this respect and it has a new significance to stress this point under the new situation.

Chairman Jiang pointed out: Building up a socialist market economy is the goal for economic restructuring set by the 14th CPC National Congress in line with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. We cannot achieve this overnight and must go through a process of constantly blazing new trails and making painstaking experiments. The setting up of a socialist market economy will inevitably breathe new life into China's economy and bring

about an ideological change. In the process of accelerating reform and opening up and assimilating advanced technologies and management techniques from abroad, including capitalist countries, unhealthy and decadent things will inevitably find their way into our life. Cadres and soldiers of the troops must sharpen their vigilance and increase their anticorruption capabilities. In everything we do, we will establish ourselves in an impregnable position if we take every possible precaution. Therefore, if we make adequate ideological preparations, there is nothing to worry about. We should conduct ideological education for officers and men more meticulously, flexibly, and practically in line with the new situation and new tasks. Through education, we will make the fine traditions of our nation, party, and troops become the order of the day in the Army and make patriotism, community spirit, socialist ideology, the spirit of utter devotion to the building up of national defense, and the spirit of self-reliance take root among officers and men. With this noble spiritual strength, plus the material strength provided by growing modern technology, our Army will stand any test.

Chairman Jiang said: Under the guidance of Comrade Deng Xiaoping's concept of army building in the new period, the Army must improve its overall quality and make a success of all aspects of development and reform. It should increase its combat effectiveness and defense capabilities under conditions of modern warfare, especially under high technology conditions, so that it will fulfill the sacred tasks of safeguarding national security and maintaining social stability.

Chairman Jiang continued: The Army must attach strategic importance to military training and enhance officers' and men's sense of organization and discipline through rigorous training. If we place a firm grip on military training, the troops will not behave in a lax, undisciplined way; otherwise, it will be difficult to manage them well in normal times, to say nothing of committing them to deal with an emergency when necessary. If the troops become competent militarily as a result of rigorous military training, they will have a fine style of work and maintain strict discipline.

During the inspection, Chairman Jiang especially stressed the need to carry forward the glorious tradition of being thrifty and hardworking and of the "two-support" campaign. He said: Shaanxi is the birthplace of the Yanan spirit and of the "two-support" campaign. The troops should take a lead in carrying forward the Yanan spirit, keeping up the practice of plain living and hard struggle and discharging their duties honestly. They should make a success of the drive to support the government and cherish the people, sharing a common fate with the people and joining their hearts. There are more military academies and colleges and Army-run scientific research institutes in Xian than in other cities. By taking advantage of this superiority, the troops should vigorously support local economic construction to make their own contributions to economic development.

Also accompanying Chairman Jiang were Zeng Qinghong, director of the CPC Central Committee general office; Zeng Peiyan, deputy director of the State Planning Commission; and Teng Wensheng, deputy director of the Central Policy Research Center.

Beijing Celebrates Anniversary of Reserve Forces

SK1806064293 Beijing BEIJING RIBAO in Chinese 27 May 93 p 1

[By reporter Qiu Hongbo (6726 3163 3134) and correspondents Xiao Xingxiang (5135 2502 5046) and Lu Gaopai (0712 7559 2226): "Reserve Forces in the Capital Have Won Marked Achievements in 10 Years Since Their Founding"]

[Text] The municipal party committee and government and the Beijing Garrison recently held a rally to celebrate the 10th anniversary of the organization of the reserve forces of the capital. Chen Xitong, secretary of the municipal party committee and first secretary of the party committee of the Beijing Garrison, and Cao Gangchuan, deputy chief of staff of the Chinese People's Liberation Army [PLA], attended the rally.

Zhang Baokang, standing committee member of the municipal party committee and political commissar of the Beijing Garrison, chaired the rally.

Since their founding in 1983, the reserve forces of the capital have played an important role in building the "two civilizations." They performed their duties in an outstanding manner during the Asian Games, in harnessing Liangshui He and building other key projects, and in carrying out emergency rescue work when catastrophic floods hit Beijing's suburbs and other emergency, difficult, dangerous, and heavy tasks. Participants in the rally watched the reserve units' training exercise, literary and art performance, and a special film and pictures on the achievements in the 10-year construction of the reserve forces of the capital.

Addressing the rally were Meng Xuenong, vice mayor of Beijing; Cao Kangchuan, PLA deputy chief of staff; Du Tiehuan, assistant to the director of the General Political Department; Wang Chengbin, commander of the Beijing Military Region; and Zhang Zhijian, deputy commander of the Beijing Military Region and concurrent commander of the Beijing Garrison.

Other Army and local leaders attending the rally were Deng Xianqun, Liu Fengjun, Chen Xuezheng, Zhang Baifa, Wang Tong, Duan Bingren, Lu Songhua, Qin Tao, and Chen Jinbiao.

Correction on China's Nuclear Capabilities

WA2306161093

The following correction pertains to the item headlined "Article Discusses China's Nuclear Capabilities," published in the 17 June China DAILY REPORT, pages 24 and 25:

Page 25, column two, second complete paragraph, second sentence should read: ...and can carry one 5-million-tonne warhead [san bai wan dun ji zhong liang di dan tao 0005 4102 8001 0903 4787 6850 6852 4104 1734 7333]. (providing vernacular and STC's)

Same page, column two, third complete paragraph, second sentence should read: ...and can carry one 5-million-tonne warhead [wu bai wan dun ji zhong liang di dan tao 005 4102 8001 0903 4787 6850 6852 4104 1734 7333]. (providing vernacular and STC's)

Economic & Agricultural

Further on Teleconference To Abolish Rural Fees

OW2306003393 Beijing XINHUA Domestic Service in Chinese 1304 GMT 20 Jun 93

[By RENMIN RIBAO Ling Zhijun (0407 1807 6511) and XINHUA reporter Ji Bin (1213 2430)]

[Text] Beijing, 20 Jun (XINHUA)—The State Council announced today at a national working teleconference on lessening farmers' burdens that a package of 37 items of contributions, charges, and fees collected from farmers by various departments of the central government, which are burdens on farmers, are now abolished. It also read out the policy and related measures for rectifying compulsory charges, apportioning expenses, and imposing "tie-in" fees. State Councillor Chen Junsheng, on behalf of the CPC Central Committee and the State Council, urged top party and government officials in various localities and departments to personally see to it that the items announced are truly abolished; they must thoroughly execute the policy and related measures and not just go through the motions, much less postpone implementation through the use of any pretexts, or collect fees from farmers in other new forms. All provinces, municipalities directly under the central government, and autonomous regions must complete the checkup and examination of provincial-level documents and programs related to increasing the burdens of farmers before 10 July; similar documents and programs published by or initiated by governments lower than the provincial level are abolished, without exception. In the future, no other government departments or units are authorized to publish documents which may increase burdens on farmers, except for those jointly issued by the Ministry of Agriculture, the State Planning Commission, and the Ministry of Finance; any other such documents are invalid.

The main venue of today's teleconference was the Beijing Long-Distance Telephone Building. Officials from relevant central government departments attended the conference. Officials from provincial, municipal, and autonomous regional governments attended the meeting at their respective subsidiary meeting halls.

Chen Junsheng presided over the conference. Liu Jiang, minister of agriculture, entrusted by the State Council,

announced the abolishment of the first list of 37 items of contributions, charges, and fees collected from farmers by various departments of the central government. He also read out the policy and related measures for rectifying compulsory charges, the apportioning of expenses, and the imposition of "tie-in" fees. Xu Youfang, minister of forestry; Mu Xinsheng, vice minister of public security; Wu Guanzheng, Jiangxi governor; and Wang Guofa, vice governor of Jilin Province, gave briefings on the specific measures adopted and additional steps to be taken in their respective ministries or provinces in implementing the "Emergency Circular on Earnestly Lightening Farmers' Burdens" issued by the General Offices of the CPC Central Committee and State Council.

After that, Chen Junsheng delivered a speech on further reducing farmers' burdens. He said: The aforementioned circular issued by the two general offices on 19 March points out: Symptoms of the problem of farmers' excessive burdens can be seen in the countryside, but the roots can be found in higher government departments. Many documents related to the apportioning of expenses, fund-raising, quota-fulfilling activities [da biao huo dong 6671 2871 3172 0520], and the collection of administrative fees and fines originated from the departments of central or provincial governments. Therefore, a review of these documents must start from the source, from the central departments. Top officials from the central government's various departments must take personal charge and set a good example by completing the checkup and examination of documents related to farmers' burdens by the end of June.

It is with this in mind that the State Council convened a special meeting in mid-May to make further arrangements for departments under the central government to check and examine documents and programs related to farmers' burdens. A joint examination group formed by the Ministry of Agriculture, the Ministry of Supervision, the State Planning Commission, the Ministry of Finance, and the Bureau of Legislative Affairs under the State Council also seriously looked into 93 programs on fee collection and fund-raising related to farmers' burdens, which was initiated by related departments under the central government. On 26 May the Ministry of Agriculture announced via the news media, after authorization by the State Council, 43 quota-fulfilling activities in rural areas and 10 erroneous charges and management mechanisms which should be stopped or corrected. He said these moves show that the CPC Central Committee and the State Council have taken, with great determination, resolute and decisive measures to deal with the issue of alleviating farmers' burdens. He said as the problem of alleviating farmers' burdens is not only a simple economic matter, but also a political issue, responsible comrades at all levels of government should attach great importance to the alleviation of farmers' burdens.

Chen Junsheng noted that the following traits run through those localities and departments which have

done a good job in alleviating farmers' burdens: Their top party and government leaders are personally involved in the job, show great determination and responsibility for doing the job, and share the same view with the CPC Central Committee and the State Council on the issue of reducing farmers' burdens. Some departments and localities, however, still have problems implementing the "Emergency Circular" issued by the general offices of the CPC Central Committee and the State Council, and there exist gaps between understanding the importance of alleviating farmers' burdens and putting that understanding into action. The following are some of the major problems: First, a failure to proceed from the overall situation; emphasis on departmental interests; an unwillingness to admit the existence of the problem of farmers' burdens; going through the motions. Second, proceeding from departmental interests; looking for excuses; stressing difficulties; creating obstacles. Third, some departments go their own way, issue documents, and make announcements on the continued implementation of previous stipulations without prior examination or approval. Fourth, some comrades still do not quite understand the importance of solving farmers' burdens. Some comrades say their departments do not deal with matters related to farmers' burdens, citing the official documents issued by the CPC Central Committee and the State Council. But we say that it is exactly these documents that need to be dealt with. There may be nothing wrong with the stipulations in the documents, and some matters also need to be attended to; but there are too many things to do. You think you have many things to do and he also says he too has many things that need to be done; but if everything has to be done right away, we will be in for big trouble. As the present rural economy would not warrant it and the farmers would not tolerate it, if you go ahead with it, the farmers' enthusiasm for agricultural production will be dampened and agricultural production will go down, which is not in the best interest for all concerned. Some say: look, what I am doing is entirely for the farmers' good. In fact, some good undertakings are beyond the financial means of farmers because of their low incomes; hence they are reluctant to contribute. As farmers in some areas still have difficulty feeding themselves, they would not think of things other than filling up their stomachs. Therefore, before embarking on an undertaking which you think will be good for the farmers, you need to continue to adhere to the principle of voluntary contributions; you should not force them to contribute and you should refrain from making rigid demands on them. Our consistent call on comrades to further unify their thinking is a call for them to genuinely protect the farmers' initiative for farming; this is a major principle or what we call the overall situation; the rest are mere minor principles or what we term local interests; as minor principles should be subordinated to major ones, local interests likewise should also be subordinated to the overall situation.

Chen Junsheng proposed the following seven measures on alleviating farmers' burdens.

- No watered-down implementation of the guidelines laid down at this teleconference. All localities and departments must make resolute and to-the-letter implementation of the State Council's announcement on stopping quota-fulfilling activities which require farmers to contribute money, materials, and labor, and on correcting erroneous charges, management mechanisms, funding, and fee-collection programs. The CPC Central Committee and the State Council empower various levels of discipline inspection and supervision departments as well as supervision and management departments specially charged with overseeing the issue of farmers' burdens, to resolutely investigate and sternly deal with those units and individuals who feign complying with the State Council's announcement.
- Step up work on checking and examining provincial level documents and programs related to increasing farmers' burdens. Provincial, autonomous regional, and municipal governments should comply with the demands set forth in the emergency circular by the general offices of the CPC Central Committee and the State Council, follow the principles worked out by the State Council on checking and examining documents and programs related to farmers' burdens, and in line with their actual conditions, earnestly check and examine all provincial-level documents and programs related to increasing the burdens of farmers. The work of checking and examining those documents and programs should be completed before 10 July at the latest.
- Do a good job on supervision and inspection aimed at alleviating farmers' burdens. The State Council has decided that the Ministry of Agriculture, the Ministry of Supervision, the Ministry of Finance, the State Planning Commission, and the Bureau of Legislative Affairs will form a joint inspection group this August to carry out a comprehensive inspection on localities' and departments' implementation of the State Council's "Regulations Concerning the Administration of Expenses To Be Borne by Farmers and Labor Affairs" and on their implementation of the emergency circular issued by the general offices of the CPC Central Committee and the State Council.
- Attention shall be given to publicizing typical positive and negative examples. Throughout the drive to implement the emergency circular issued by the general offices of the CPC Central Committee and the State Council and in the work of helping farmers reduce burdens, we must promote the general cause through publicizing typical examples. It is necessary to greatly publicize the efforts of those departments and localities which have achieved positive results through resolute adoption of effective measures to alleviate farmers' burdens. Criticism should be leveled at those units and individuals who are slow in action, who go their own way, and who balk at the drive to reduce the burdens of farmers; serious cases should be publicized to the public; fees that are continuously and illegally collected must be returned in full; cases that lead to

serious consequences must all be investigated and dealt with; in addition to calling to account, according to law, those who actually commit those serious offenses and their immediate leaders, party and government leaders who are one level higher than the transgressors will also be held responsible; those who commit serious bureaucratism must be removed from their posts and prosecuted; they must not be treated leniently.

- Do a good job in conducting experiments in selected areas and establish a scientific system for the administration of farmers' burdens, so as to put the work of supervising and administering farmers' burdens under legal control.
- More activities to publicize the "Regulations Concerning the Administration of Expenses To Be Borne by Farmers and Labor Affairs" should be carried out. Policies and measures designed to alleviate farmers' burdens, including today's announcement on scrapping 37 types of charges and 43 quota-fulfilling activities, should be vigorously publicized, so that every household will know about it. It is necessary to ensure that the spirit of the instruction made by the CPC Central Committee and the State Council to allow the farmers to recuperate is known to hundreds and thousands of households, in order to make them feel that our party and the people's government are concerned about their well-being and that their interests are protected, so that their initiative for developing production will be further encouraged.
- Tirelessly persist in doing a good job on supervising and administering farmers' burdens.

In conclusion, Chen Junsheng stressed that it is a pressing political task of the CPC Central Committee and the State Council to protect farmers' legitimate rights and interests, their initiative for production, and to truly alleviate their burdens. We must resolutely carry out this political task and produce specific results.

Agriculture Faces Four 'Problems'

HK2206151593 Beijing ZHONGGUO XINWEN SHE
in English 1434 GMT 22 Jun 93

[Text] Beijing, June 22 (CNS)—There is general concern felt about the problems in China's agricultural sector this year. Party General Secretary Mr. Jiang Zemin and Premier Li Peng have on many occasions this year stressed the fact that agriculture is the basis of stability and development of the whole national economy and should never be ignored. Problems in the agricultural sector will not only cause a slide in production but also endanger the stable growth of the entire national economy.

The problems besetting agriculture are:

First, the excessive burden on farmers from random money-raising, random demanding of money and illegal penalties.

Second, growth in farmers' incomes is slowing down with the net per capita income in the past three years, increasing by only 0.7 percent annually. At the same time, they have been forced to accept a number of IOUs in lieu of cash payment by agricultural product-purchasing departments.

Third, prices for farmers' agricultural needs are rapidly rising while the prices of agricultural products are rising slowly. The gap between the prices of industrial products and those of agricultural products is widening, causing a drop in farmers' income despite increased agricultural output.

Fourth, grain deposits are at a low level. The growth of agriculture lags far behind that of industry with the growth of agriculture last year, being only 3.7 percentage points up.

State Arrests Businessman for Cheating Investors

OW2306110593 Beijing XINHUA in English 1015
GMT 23 Jun 93

[Text] Beijing, June 23 (XINHUA)—Shen Taifu of the Beijing-based Changcheng Machinery and Electronics, Scientific and Technological Industry Company, has been arrested for illegally raising funds and embezzling investors' money.

The authorities promptly froze accounts of the company and its subsidiaries, thus preventing Shen from cheating more investors and squandering their money.

The company has been ordered to return money to its investors in proportion to their investments by selling its assets and drawing on bank deposits plus its available cash. To this end, the authorities have decided to soon unfreeze the company's accounts and its cash in stock.

Shen, 39, a native of Siping city, Jilin Province, began his fraudulent career in Beijing in 1989 by founding a collectively-owned firm with a registered capital of 300,000 yuan.

First he bought a patent for the invention of a new type of electric motor from an engineer. Later, under the pretext of developing machines and electronics products, he opened two firms in Hainan Province and Changchun city, the capital of Jilin Province, to do all sorts of business he considered profitable.

But Shen ran into deep debt because he squandered too much money.

To pull himself out of the difficult situation, he decided in May 1992 to raise money by issuing bonds under the pretext of developing energy-efficient motors through

signing technology development contracts with investors. He also decided to offer high interest rates to lure investors.

He told his followers: "So long as I can get money right now, I'm going to get as much as I can. I can offer an annual interest rate of 24 percent!"

The signing of technology development contracts as advocated by Shen is nothing but a fraud. He refused to tell others what he planned to do with their money, violating China's law on technical contracts.

The Chinese Government has stipulated that without the approval of state departments responsible for financial administration, no units or individuals may raise funds. It has also formulated stringent rules regarding interest rates on savings deposits.

Shen promised a percentage commission to anyone soliciting investors.

In several months' time, the Changcheng Company sold bonds worth one billion yuan to 100,000 people in 17 cities.

Under contracts signed with investors, the company would manufacture 100 million yuan worth of products within one year. But in six months ending in March 1993, it had sold just about 60 motors worth six million yuan.

Investigations show that Shen squandered and embezzled a lot of money. He opened 120 subsidiaries all over the country, with each spending up to one million yuan buying luxury cars, houses and carpets.

For example, Shen's company raised 60 million yuan in one province, but the expenses of its branch in that province amounted to 20 million yuan.

Shen squandered investors' money by renting six hotel suites in Beijing, frequenting dance halls and recreation centers, and hiring bodyguards for himself and his son. Once he spent 20,000 yuan on a meal in a restaurant.

On February 23, he drew two million yuan from the money raised and deposited it in his own savings account. Several days later, he drew one million yuan again and deposited it in his wife's savings account.

With his wife in charge of the company's financial affairs, Shen could draw large amounts of money at any time from the company and its subsidiaries.

Shen said, "accounts make no difference to me because subsidiaries throughout the country are, in fact, my own firms. The money of any subsidiary is my own money!"

With investors' money diminishing every day, he attempted to turn his company's bonds into shares so that if his company went bankrupt, he would be able to evade responsibility for debts.

For that purpose, he instructed a subsidiary to pay 11 million yuan in taxes to the local taxation department in two months, although the subsidiary did not sell a single motor.

This move was designed to demonstrate to the public his company's good economic performance and deceive investors and authorities so that his company's shares would be listed on the stock exchange in Shanghai or Shenzhen at an early date.

To stop Shen Taifu from deceiving investors, the People's Bank of China, the country's central bank, warned on March 6 that the Changcheng Company had issued bonds in a disguised form, with the issuance far exceeding the net value of its own assets.

The bank ordered the company to return the money raised to investors because investment in the company was very risky and investors' interests could not be guaranteed.

To prevent the company from transferring its funds, the authorities froze bank accounts of the company and its subsidiaries.

Nevertheless, Shen Taifu went so far as to file a lawsuit against the central bank. At news conferences held in Beijing on March 29 and 31, he accused the government of intervening in his company, making it impossible for the company to continue operation. He also told reporters that he had no options but to auction his company abroad.

He also announced that the annual interest rate of his company's bonds had climbed from 24 percent to a whopping 48 percent.

On March 31, the very day he held the second news conference, he used a counterfeit identify card to buy a ticket for a flight bound for a city in south China. At seven p.m. that day, he was arrested at Beijing airport.

On April 6, the State Administration for Industry and Commerce began checking financial accounts of the Changcheng Company together with other departments.

Meanwhile, authorities in 22 provinces, municipalities and autonomous regions began checking accounts for the company's 100 subsidiaries.

Investigators found heavy losses in the money raised by the Changcheng Company. For example, it had raised 200 million yuan in Beijing, but when its bank account was frozen, there was less than 30 million left in the account, or one seventh of the funds raised.

Finance Minister Discusses Economic Plans

AU2206190693 Duesseldorf *HANDELSBLATT* in German 22 Jun 93 p 8

[Peter Seidlitz report on interview with Finance Minister Liu Zhonglian in Beijing; date not given: "To Check Excessive Economic Activity Beijing Will Squeeze Credits Even More"]

[Text] Beijing—The Chinese Government will take further steps in terms of credit and interest policy to stabilize the national currency, which has come under pressure, and to dampen the overheated economy. Moreover, Beijing will curb raw material imports and try to offset the deficit in the trade balance. China does not see any chance of balancing the deficit in the state budget in the near future, Chinese Finance Minister Liu Zhonglian said in an interview with *HANDELSBLATT* in Beijing. Yet, by international standards, the trade deficit is tolerable. It was the first time that China's finance minister, in a conversation with a foreign correspondent that lasted for almost two and one-half hours, commented on issues such as the rapid devaluation of the Chinese currency, renminbi, on economic and monetary policy, on credit and state budget issues, and on Beijing's plans for stock markets. From the arguments made by the minister, one can conclude that, in the coming months, one has to expect a slackening of the economy, which is still booming and showing double-digit growth figures. Imports to China will probably also slow down because the country is planning to pursue a policy of tight money.

China, which has had budget deficits for 11 years, is planning budget cuts by canceling construction projects and by thrift measures of the government. The national indebtedness of 3.2 percent of the gross national product is not dangerously high, the minister said. The financial and capital market reform is to continue. Liu said, "the direction is clear: We will build up an open financial system and speed up the financial market reform."

Recent headline-making calculations by international economists, according to which China, on the basis of the PPP (purchasing power parity), is even now the third largest economic power after the United States and Japan, were described as misleading by the finance ministers and as a play with statistics. "We are far from being the world's third largest economic power. Germany's exports are higher than ours. According to traditional statistics, which are also used by the World Bank, we come in eighth or ninth place, which sounds right."

False Play With Stock Exchanges

To the question whether, as one of the world's leading economic powers, the PRC, like Russia, is claiming a seat in the Group of Seven [G7] meetings, Finance Minister Liu responded evasively: "Then there will not be a G7 but a G8 or G9."

The minister appeared worried about the uncontrolled developments in the illegal stock markets in China. Apart from the existing stock exchanges in Shanghai and Shenzhen, in the neighborhood of Hong Kong, a number of "free stock exchanges," including in Chengdu, emerged. In Sichuan, a province that has been a forerunner for reform since 1978, unrest broke out recently among the rural population. "This stock exchange is illegal. It was not even established by the provincial government but by a hospital," the minister explained. "Unless the illegal stock exchange in Sichuan is closed down, any province could open its own stock exchange, which would lead to chaos. Therefore, I think that the stock exchanges must be strictly regulated."

It is also important for investors and government officials to be "educated": "They have a limited understanding of how stock exchanges work. Many Chinese are badly educated, and some are even illiterate, can neither write nor read, and do not know the first thing about bookkeeping. Chinese investors do not have a clue of the risk at stock exchanges. They think that they can only make money at the stock exchanges. They do not know that one day they will even lose money. This is what worries us in our plans to develop the stock markets."

This is why, in the future, Chinese will not be permitted to invest in the so-called B-stocks, which are intended for foreigners in China, the minister explained, thus denying speculation to the contrary, which has been circulating in Hong Kong. There are no plans for further stock exchanges in China. "We are still experimenting with the existing stock exchanges," the minister said. The minister explicitly called on international auditing and tax adviser firms to open branch offices in China. Such firms are welcome, because China wants to introduce international auditing and clearance practices. The minister announced that the necessary laws on standardizing auditing will come into force on 1 July.

Regarding the reform of financial markets, China will proceed "step by step." "The financial sector is lagging behind reform in other spheres at the moment," Liu said. The domestic financial institutes are about to catch up, and the government is considering further steps for a reform of the financial system. Parallel to the opening of the financial markets—more than 40 foreign banks have already been admitted—an insurance market is also emerging in China. One insurance group, American Life Insurance, has already been granted the license for China. Other international groups will also establish subsidiaries. "We cannot say when we will completely decontrol the financial markets. However, we are moving in this direction," the minister said. "We do not yet have enough guidelines to protect foreign banks and domestic institutes and we cannot yet say that our legal system is perfect. We need time to make it more perfect." The Chinese minister categorically rejected the shock therapy, which other countries such as Russia have used for their transition from the planned to the market

economy: "What these countries are doing is not desirable for China. We have the feeling that we have embarked on the right path."

China Rejects Shock Therapy

Liu believes that, in view of the continuing economic boom, the budget deficit, which has existed for 11 years, is no reason to worry. "No finance minister is happy about deficits. Yet, at the moment, it is simply impossible to present a clean budget." After all, the central fiscal authorities must support the reforms, provide funds for infrastructure-related projects, and subsidize the agricultural sector. Therefore, there will not be any change in plans for extending the railroad network and building more roads, airports, and sea ports.

"We must create a risk fund for the agricultural sector and make sure that our agricultural production is not affected by natural disasters and the weather," Liu said. China must always expect bad harvests and disasters, and prepare for them. Yet there are other possibilities for saving. The government is planning to curb the further construction of luxury hotels, department stores, and Western shopping malls. It wants to save in personnel costs and streamline the administration, and dispense with expensive official cars. Liu: "We no longer drive luxury cars even though directors of state companies keep ordering them. We have to do something about it."

The minister also commented on the issue of national debts and the government's credit policy. "For issuing treasury bills and government bonds, we will mainly rely on the domestic market. Yet, this does not mean that we will not also tap international capital markets. The Finance Ministry already made an appearance in Frankfurt with a German mark government loan. We will continue that in the future, too. Yet everything will depend on the market conditions," Liu said.

Regarding the creeping inflation, the minister said: "This development is worrying us. The reason for the devaluation was in the enormous import demand of the economy, which has been booming. Between January and April, our investment activities increased by 68.7 percent. The construction industry needs enormous amounts of material, such as steel. Steel was ordered abroad and sold for the local currency in China. The importers gained from the exchange rates. This was caused by the evaluation of the dollar toward the renmimbi. To solve the problem we must take certain steps. We will slow investment, and imports are even now decreasing because it is less profitable to spend money on imports, such as steel products."

Raw material dealers in the Chinese business have already spotted this turn of the tide. For projects in the real estate market and the development of the special economic zones, which have been created everywhere in the country, a policy of tight money is to be pursued, the minister announced. "We will be very cautious with credits." Moreover, China is planning a second increase in credit interests before long to tap savings and to

reduce the currency in circulation. A first increase in bank interests took place in May, but this step was not enough, the minister said.

Pursue Policy of Tight Money

The minister announced a comprehensive tax reform in China, including plans for introducing a value-added tax: "We want a tax system that provides the ground for fair competition." The tax laws will be simplified. The value added tax will be introduced "gradually" and will include both production and sales. An income tax system like in Hong Kong or Switzerland, in which those liable to pay tax have to declare their incomes themselves, is also planned. The income tax rates will still have to be fixed by experts. Yet, taxes will certainly not be as "high as in Europe." Liu: "It is all right if those who work hard become rich." The current system, under which the Chinese have to pay a set amount to the fiscal authorities in tax, has not proved successful under the current reforms. Many are cheating the tax office. "In China some people have become very rich," the minister, whose Ministry does not keep any statistics on the number of millionaires, said. "Yet there are people who have 50 or 60 million renmimbi and who only pay a set amount in tax even though they have acquired such large assets. There are great differences in incomes in China." Moreover, many enterprises, particularly in the sphere of joint ventures, are cheating the state by declaring false amounts of invoices for exports and imports. "Tax fraud is international practice. Yet in China tax fraud is more widespread than anywhere else in the world, because we are in a stage of transition."

"We are developing a market economy, and this is causing problems. Companies that are paying their tax do not have to fear any intervention from our side in their transactions. They can freely dispose of their capital. However, companies that conceal their profits, cheat the government, and hide their capital abroad, will be called to account. These practices are illegal and those who are caught will be punished."

Article on Managing State-Owned Stock Rights

HK1906014693 Beijing JINGJI YANJIU in Chinese No 2, 20 Feb 93 pp 10-16

[Article by Zhang Jixiang (1728 0370 3276) of the National Administration of State Property; edited by Hong Liang (1347 0081); written in December 1992: "On the Management of State-Owned Stock Rights"]

[Text] The management of state-owned stock rights is a new question in the work of managing the property rights of state-owned assets. The establishment of an effective management mode needs to be continually explored in the continual practice of reform. This article will mainly discuss how to engage in management of state-owned stock rights.

I. The Range of the Management of State-Owned Stock Rights

State-owned stock rights refers to the rights which the state possesses through holding enterprise shares. According to the current stipulations in state documents, when arranging a shareholding enterprise, the stock rights of shares formed through investing state-owned assets can, depending on the different forms of management, either be state stock or state-owned corporate stock. These are both state-owned and they are collectively referred to as state-owned assets stock (abbreviated to "state-owned stock").

State stock refers to the shares formed by government departments or organs, which have the right to represent the state, by investing state-owned assets in share enterprises. At the current stage, this specifically includes: 1) Those shares formed by the conversion of net assets when whole-people ownership enterprises are, in their entirety, changed into shareholding enterprises; 2) shares formed through investment in newly established share enterprises by government departments which, at the present stage, have the right to represent the state in investment; and 3) shares formed by investment in newly established share enterprises by investment companies, property administration companies, general companies which are economic entities and other organs which have been authorized to represent the state in investment. Following the gradual putting in order of property rights relationships, in future, state stock will mainly be stock formed by the investment of state assets in share enterprises by state property administration departments through their authorized organs.

State-owned corporate stock refers to those shares formed through the investment of assets controlled by whole-people ownership enterprises themselves (not including organs of an enterprise nature which have been authorized to represent the state in investment), in experimental shareholding enterprises independent of them.

The above is only a formal and very general explanation of state-owned stock. If we engage in further analysis, it will not be difficult to discover that state-owned stock is a much

broader concept. Following the development of a socialist market economy, a major development trend in the reform of the system in our country where state assets are micro-managed has been the diversification of the forms by which assets are organized. That is to say, the system of organizing state-owned assets has changed from being a collection of "pure" state enterprises under the traditional system to where it is a collection of enterprises which are state-owned to varying degrees and at various levels. This has led to an expansion, both vertically and horizontally, in the concept of state-owned stock rights. Seen from the horizontal plane, there have appeared state-owned stock rights in diverse types of enterprises, such as solely state-funded enterprises, enterprises in which the state holds controlling shares, and enterprises in which the state holds participating shares. Seen from the vertical plane, there are different levels of state-ownership through parent companies, daughter companies, and subsidiaries of daughter companies. This will form different levels of state-owned stock rights including direct state ownership, first-level indirect ownership and second-level indirect ownership. Although the state-owned stock rights in these enterprises may fall within the definition of state stock or state-owned corporate stock, in terms of the manager of their stock rights, their modes of operation and the degree of government control, they are not exactly the same, and they all have their own different characteristics. Thus, speaking precisely, the range of the management of state-owned stock rights is determined by the property rights investment activities of state-owned enterprises. The number of levels at which investment activities by state-owned enterprises occur will determine the number of levels at which there will be management of state-owned stock rights.

As an example, if we take the capital funds of a state-owned enterprise as A, and the Companies Law determines that outside property rights investment by companies cannot exceed 1/b of the capital funds of the enterprise, then when a state-owned enterprise engages in external property rights investment activities to the greatest possible degree and it can control its daughter companies to engage in property rights investment externally in the same way, the sum G of the enterprise capital funds formed at various levels through the investment in property rights by the state-owned enterprises will be as follows:

$$\begin{aligned}
 G &= A + A \cdot \frac{1}{b} + A \cdot \left(\frac{1}{b}\right)^2 + A \cdot \left(\frac{1}{b}\right)^3 + \dots + A \cdot \left(\frac{1}{b}\right)^n \\
 &= A \cdot \left(1 + \frac{1}{b} + \frac{1}{b^2} + \dots + \frac{1}{b^n}\right) \\
 &= A \cdot \frac{1}{1 - \frac{1}{b}}
 \end{aligned} \tag{1}$$

$$\text{if: } b = \frac{1}{2}$$

then:

$$G = \frac{A}{1 - \frac{1}{2}} = 2A \tag{2}$$

The above shows two things: First, in a situation where property rights relationships have been put in order, state stock and state-owned corporate stock are not absolutely separate categories. Rather, internal links are formed through property rights links. Second, under certain restrictions whereby property rights investment is limited to $1/b$, then the maximum property rights investment from a fixed volume of state stock will form a volume of capital $1/(1-b)$ times the original volume of capital. That is to say, this is the maximum capital range of the property rights management of this state stock.

It is worthy of note that state-owned stock rights management involves not only managing state-owned shares, but also managing the assets operation activities of state-owned enterprises through stock rights. Thus, the assets range of the management of state-owned property rights is far greater than the capital range. If we suppose that the assets-capital rate of every enterprise is C (Footnote 1) (Assets-capital rate = capital funds / capital funds + liabilities = capital funds / assets) and, for the moment, we disregard the influence of enterprises' public accumulation funds, then in accordance with formula (2), the maximum assets volume Z obtainable through property rights investment activities is:

$$\begin{aligned}\Sigma Z &= \frac{A}{c} + \frac{A}{bc} + \frac{A}{b^2c} + \dots + \frac{A}{b^nc} \\ &= \frac{A}{c} \left(1 + \frac{1}{b} + \frac{1}{b^2} + \dots + \frac{1}{b^n} \right) \\ &= \frac{A}{c(1-b)}\end{aligned}\quad (3)$$

$$\text{if: } c = 20\%, \quad b = \frac{1}{2}$$

then:

$$Z = \frac{A}{\frac{20}{100} \left(1 - \frac{1}{2} \right)} = \frac{20A}{2} = 10A\quad (4)$$

The result of Formula (4) shows that, under the assumed conditions noted above, the assets volume involved in the stock rights management of this enterprise is five times the capital volume. Of course, here, for calculation convenience, we have omitted many factors, and in real life property rights investment activities are much more complex. However, this theoretical abstraction assists us in understanding the internal relations between state stock and state-owned corporate stock, and in defining the range of state-owned stock rights management.

The range of state-owned stock rights management is ultimately determined by the aims of management. If the aims

of managing the state-owned assets is only to increase the volume of the assets, then although through the mutual shareholdings between enterprises there will be formed a sphere for free operation of state-owned assets, the attention of the managers will be centered only on assets linkage and representative relationships [lian dai guan xi 5114 9108 7070 4762] related to the growth of the value of the assets. If the aim of the management is not only to achieve a growth in the value of the state-owned assets, but also to control assets, then as far as the managers are concerned, they will center their attention on all areas of economic activity into which state-owned assets can infiltrate.

A question related to the range of state-owned stock rights management is the defining of what constitutes state-owned enterprises. On this question, in research on state-owned assets management theory abroad, there have been two different opinions. The first holds that only if the proportion of stock which the state holds in an enterprise's assets is in excess of 50 percent can that enterprise be considered a state enterprise. Thus, they refer to those enterprises in which the state-held share has been reduced to below 50 percent as private enterprises. The other opinion is that in a situation where shares are quite dispersed, shareholders often will not

need over 50 percent of the shares to control the enterprise. Rather, they will only need a smaller proportion of shares and will still be able to achieve the aim of controlling the operational activities of the enterprise. For example, in 1968, the Italian National Hydrogen Carbide Company and the Industrial Rejuvenation Company only controlled respectively 8.3 percent and 5.8 percent of the shares in the Montedison Company. However, as the other shares were widely dispersed, these two state holding companies were able to exercise control over the company while holding only 14 percent of the shares. Seen from this angle, the definition of what constitutes a state enterprise seems not to be restricted to

the state having to hold 50 percent of the shares. If we analyze this however, the difference between these two views is nothing more than a difference in the goals of the managers. Certainly, there is a direct relationship between the proportion of stock rights needed to control a company and the degree of dispersal of stock rights, and the degree of dispersal of stock rights differs with different companies. Thus, in accordance with the specific situations in different countries, it is necessary to choose a general share control proportion by which to define the range of management of state-owned stock rights. We refer to this proportion as the effective controlling share proportion. This is another technical question which needs further study.

Clearly, regardless of whether we look from the angle of the management of stock rights earnings or from the angle of the management of stock rights control, what we are considering in both cases are the state-owned asset linkage and representative relationships between enterprises. However, by specific analysis we see differences between the two. Let us take a very simple example. Suppose the government holds a 60 percent share in enterprise A, enterprise A holds a 50 percent share in enterprise B, and enterprise B holds a 30 percent share in enterprise C. Let us also suppose that the capital, assets and dividends of the three enterprises are the same. Then, seen from the angle of stock rights earnings management, the share assets which the government has in these three enterprises should be calculated as follows:

The capital stock held by the government = 60 percent (of the capital stock of enterprise A) + 60 percent x 50 percent (of the capital stock of enterprise A) + 60 percent x 50 percent x 30 percent of the capital stock of enterprise A) = 99 percent (of the capital stock of enterprise A).

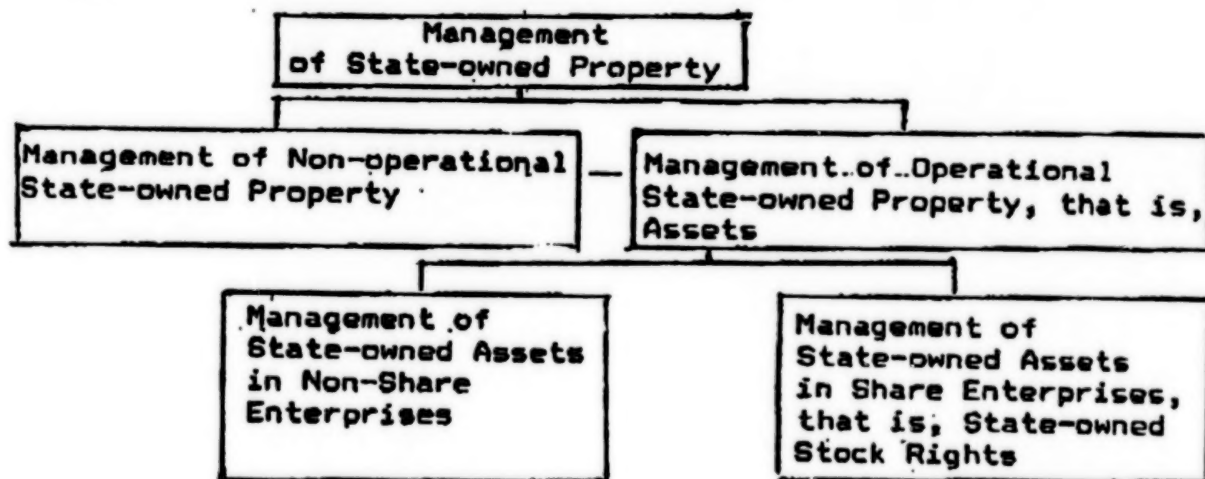
That is to say, because of the participatory share relationship formed between enterprises A and B and between enterprises B and C during the development of the operations of state-owned enterprises A and B, it means that the government capital stock has developed from the original 60 percent share of enterprise A to a share equivalent to 99 percent of

enterprise A. If we further assume that the share dividends of the various enterprises are all successively handed up as equity investment, the share earnings which the government obtains from this is not the earnings from the original 60 percent share in enterprise A, but earnings from the equivalent of 99 percent of the original enterprise A.

If we examine the question of control of stock rights, then when the effective controlling share proportion is 60 percent, the effective range over which the government can control assets is enterprise A, and the government has only a participatory role in the control of the assets of enterprises B and C. When the effective controlling share proportion is 30 percent, as enterprise A has effective control over enterprise B, and enterprise B has effective control over enterprise C, then the effective range over which the government can control assets extends to the assets of enterprises A, B and C.

Of course, the examinations of the range of stock rights management from these two different angles are not absolutely separate. This is because the linkage and representative relationships of assets brings with it a linkage and representative relationships of assets operational responsibilities. If an owner wants to achieve the maintenance and growth of the value of assets, then it must take on the assets operations responsibilities brought by the linkage and representative relationships of the assets. That is to say, the owner must concern itself with the operational activities of all enterprises which will affect the maintenance and growth of its own assets. However, the degree of this concern and the management modes adopted will not be exactly the same as the degree of concern and management modes adopted in seeking to realize asset control aims.

Finally, we need to discuss, from the angle of the relationships between state property, state-owned assets and state-owned stock, the management range of state-owned stock rights. Clearly, between these three things there are successively formed subordinate relationships between systems. State-owned property is the largest system, state-owned assets is a subsystem of the state-owned property system and the state-owned stock assets form a subsystem of the state-owned assets system. Thus, we can represent the relationship between the three as follows:



II. The Characteristics of State-Owned Stock Rights Management

As compared with the management of state-owned assets which are not in shareholding enterprises, the management of state-owned stock rights has the following five characteristics:

1. The competitive nature of state-owned stock rights management. This is determined by the operational environment in which state-owned enterprises find themselves after conversion through the implementation of the shareholding system. As has been noted above, the basic reason we have transformed the shareholding system of the majority of state-owned enterprises is because these state-owned enterprises are basically all in competitive environments in domestic and international markets. In particular, after our country regains its position as a signatory to GATT, due to the melding of domestic and international markets, the competition faced by state-owned enterprises will become more intense. One of the aims of transforming the enterprises by implementing the shareholding system is to create a systems environment whereby they can compete equally with nonstate-owned enterprises. If we speak about a "commercial war" in which the various domestic and foreign economic forces are engaged in direct confrontation, and say that the various state-owned shareholding enterprises and state-owned enterprise groups will be the "armies," "regiments" and "companies" directly engaged in the "commercial war," then through the management of state-owned stock rights, the government departments specialized in the managing of the property rights of state-owned assets will at least be a "general staff headquarters" assisting the state organs and commanding the state enterprises, thereby guaranteeing victory in the "commercial war." Thus, state-owned stock rights management must establish a firm "commercial war" concept and engage in property rights management decisionmaking in the light of the overall situation of domestic and international competition. It cannot look solely at the maintenance and growth of the value of the assets of any particular enterprise.

2. The fluid nature of state-owned stock rights management. As state-owned share assets are state-owned assets situated in a competitive environment, how to realize their optimal deployment so as to most effectively bring into play their leading roles and competitive roles has become a key aspect in the management of state-owned stock rights. To this end, unlike the state assets management in spheres such as natural monopoly industries and public and basic facility industries, state-owned stock rights management organs must, in a planned and step-by-step way, readjust the operational scale and structure of state-owned share assets in accordance with the strategies and tactics of the state's "commercial war" and in accordance with the actual situation. This is what is meant by the fluid nature of state-owned stock rights management. Specifically, with the share market as the medium, through the purchase and sale of state-owned shares, they will realize the flow of state-owned capital

funds between different regions, different industries and different enterprises, in order to meet the demands of optimal operational results of state-owned assets in different periods, different regions and different industries.

3. The specialized nature of state-owned stock rights management. At present, relevant state documents have already stipulated that "state-owned asset management departments are specialized government organs for managing state-owned stock rights, which carry out their function of managing state-owned stock rights in accordance with the law." At the same time, they also point out: "The state implements unified leadership and management by levels in respect of the state-owned property rights in shareholding enterprises. At present, if an enterprise's financial relationship is with a particular level of the financial administration, ownership over the state stock in that enterprises is exercised by the state assets management department at that level, which also takes on corresponding management responsibilities. Decisionmaking power in respect of transferring management jurisdiction over state stock lies with the upper-level state-owned assets management department." What is being stipulated here is actually the specialized nature of the management of state-owned stock rights within government organs.

The specialized nature of the management of state-owned stock rights is determined by the competitive nature and the fluid nature of state-owned stock rights management. This is because under socialist market economy conditions, the operation of state-owned stock rights has its own special and innate patterns, and their management is a specialized science. At the same time, the optimal deployment of the state-owned stock assets also requires that the government implements unified specialized management. If the state-owned stock rights remain in the hands of different government departments, it will be very difficult for us to eliminate the phenomenon of departmental and regional divisions, which existed under the traditional system. The result may well be that in the operation of state-owned capital, because the "military strength" is too dispersed, it will be impossible to form a competitive strength which can contend with foreign economic forces.

4. The enterprise nature of state-owned stock rights management. The enterprise nature of state-owned stock rights management refers to the fact that state-owned stock rights generally should not be directly held by government state-owned assets management departments, but rather should be held by various types of intermediate property rights organs such as state-owned assets operation companies. That is to say, in the management of state-owned stock rights, there should also be set down a rational separation of government and enterprise responsibilities. The specialized government state-owned property rights management departments should devote their attention to the macropolicy management of state-owned stock rights, and the management aim should not be the optimal deployment of the stock assets, but rather the optimization of the overall operational

scale and structure of state-owned stock assets. Under the unified policy management of government state-owned assets management departments, state-owned stock rights should be assigned to the many enterprise-type property rights operational organs for specific management. These should not be directly managed by the government state-owned assets management departments.

5. The diversity of state-owned stock rights management. The diversity of state-owned stock rights management refers to the diversity of management modes. This is determined by the diversity of the types of property rights themselves. For example, as far as state-owned limited liability companies or state-owned limited share companies, in which the state is the sole owner or controlling shareholder, are concerned, the state can directly control the makeup of the enterprise's board of directors or supervisory board, and through controlling the supervisory board or board of directors, it has quite a great influence over the assets operation activities of the enterprise. However, as far as enterprises in which the state has only a participatory shareholding are concerned, the state can only participate in operational decisionmaking by appointing property rights representatives to participate in the board of directors of the enterprise. Thus, the state's influence over the operational activities of the enterprise's assets is relatively weakened. Further, as far as shareholding enterprises which have state stock are concerned, the state carries out its management of the stock rights in the enterprises directly. However, as far as shareholding enterprises which have state-owned corporate stock are concerned, the state's management of stock rights is carried out through entrusted corporate organs. Clearly, there are also differences in the influence which the state has in respect of the operational activities of the assets of these two types of shareholding enterprises. Choosing different modes for managing stock rights in accordance with the diversity of the types of state-owned stock rights is an important aspect of work for the government state-owned assets management departments.

III. The Basic Contents of State-Owned Stock Rights Management

On the basis of the reproduction process of enterprises, we divide the basic contents of the management of state-owned stock rights into three stages: the management of establishing state-owned stock rights, the management of the operation of state-owned stock rights, and the management of the earnings of state-owned stock rights. In addition, in order to guarantee the effective implementation of state-owned stock rights management, there is a question of the basic work. Thus, the fourth content of state-owned stock rights management is the basic management of state-owned stock rights.

1. The management of the establishment of state-owned stock rights. This mainly refers to the management of state-owned stock rights during the stage of reorganizing

an enterprise into, or newly establishing, a shareholding enterprise. According to the stipulations of the relevant documents: "The establishment of state-owned stock must be confirmed by a state-owned assets management department or an organ authorized by it." Thus, at this stage, the basic contents of the government management of state-owned stock rights are: 1) Participating in the examination and approval of reported projects which are to use state-owned assets as stock investment in a shareholding enterprises or are to transform a whole-people owned enterprise into a shareholding enterprise; 2) organizing the assets appraisal and ownership rights delineation for state-owned assets invested as stock, and being responsible for arranging the procedures for confirming the asset appraisal results and the ownership delineation; 3) being responsible for arranging the property rights registration matters in respect of state-owned assets invested as stock, and guiding enterprises in readjusting the book value and the state funds in accordance with the appraised value of the assets, and turning them into rights and interests of the stockholders of the state-owned stock; 4) entrusting state-owned stock rights to state-owned assets operation companies or other state-owned property rights operation intermediary organs, and in situations where state-owned property rights operation organs have not yet been established, as specialized government organs for managing stock rights, holding the state-owned stock of the enterprise; 5) appointing or participating in the appointment of state-owned stock rights representatives; and 6) assisting the government in appropriately handling the various problems related to state-owned assets management left over from the transformation of state enterprises into shareholding enterprises.

2. The management of the operation of state-owned stock rights. The management of the operation of state-owned stock rights refers to the management of the state-owned stock rights in every accounting year subsequent to the state-owned shareholding enterprise being put into operation. As far as the government state-owned assets management departments are concerned, they will be directly involved in the management of the operation of state stock rights. In the operational management of the state-owned corporate stock rights however, the management will mainly be taken on by the various state-owned corporate bodies which hold shares, while the government state-owned assets management departments will mainly play a policy guidance role. Generally speaking, the operational management of state-owned stock rights includes two basic contents:

The first is operational management of state-owned stock rights on the basis of not changing the structure of the enterprise stock rights. This management is mainly concretely implemented through entrusted property rights representatives, and guaranteed through a stock rights representative report system as well as examination, reward and punishment and supervisory systems. According to the stipulations of relevant documents, apart from having to submit regular reports on work to

the delegating unit, the state-owned stock rights representatives, in matters concerned with operational decisionmaking in the following major areas, have to submit beforehand a written report requesting instructions: 1) When selecting members or senior responsible persons of the board of directors of the company; 2) when making decisions on major investments, and on operational orientations and modes; 3) when increasing funds or issuing company bonds; 4) when taking decisions on earnings distribution; 5) when mortgage of assets exceeds one-third of the net assets of the enterprise; and 6) other major matters affecting the major rights and interests in respect of state-owned stock. The units which assign these state-owned stock rights representatives must in a timely way provide responsible answers to the requests for instructions from the state-owned stock rights representatives, and they must not allow delay to produce operational losses. From this we can see that listening to, studying and replying to the requests for instructions from the state-owned stock rights representatives naturally becomes an important part of the operational management of state-owned stock rights at this stage. The state-owned stock rights representatives then, under the restrictions of the unit which assigned them, and through participating in the operational decisionmaking of the supervisory board or the board of directors, and participating in the supervision and control of the operational activities of the enterprise's assets, will safeguard the legitimate rights and interests of state-owned stock.

The second is the operation of state-owned stock rights. The aim is, through changing the state-owned stock rights structure of enterprises, to promote the raising of the operational benefits of state-owned asset property rights. The result is either that the proportion of state stock in the enterprise is raised or it is reduced, or state stock is eliminated altogether. Thus, the operational management of state-owned stock rights at this time is often not related to the operational results of the assets of the enterprise, but rather related to optimizing the overall operational scale and structure of state-owned share assets. When engaged in this sort of state-owned stock rights operation, it is necessary to pay attention to the following four issues: 1) The aim of putting state-owned stock on the market must be clear and fair. Generally, the putting of state-owned stock on the market mainly proceeds from the need to readjust the scale and structure of assets operations, and it must not be aimed at speculative profit-making; 2) in putting state-owned stock on the market, there must be a strict and standardized management system; for example, in the case of NTT in Japan, the timing and the number of shares which are to be put on the market are fixed in advance by the Japanese Diet; 3) it is necessary to properly arrange a rational proportion of state-owned stock rights in different enterprises. In respect of the operation of state-owned stock, the Shenzhen City Investment Management Company formulated three proportions: the proportion of stock initially held, the standard stockholding proportion, and the lowest stockholding proportion. This was done in order to fix the

boundaries for the operating of state-owned stock rights by different enterprises; and 4) we need to distinguish the two situations of putting state stock on the market and putting state-owned corporate stock on the market. Seen from the angle of the management of state-owned property rights, we not only have to set down strict stipulations for the goals and procedures when putting state stock on the market, but also must establish effective management systems for putting state-owned corporate stock on the market, so as to eliminate speculative share trading activities in respect of enterprises which are entirely state-owned (including enterprises which are completely state-owned but which have plural stock rights structures) and those enterprises in which the state has a controlling share. In respect of enterprises in which the state owns only a participatory share, following the development of the securities market, we will mainly rely on the enterprises' own self-restraint mechanisms to control share trading speculative activities.

3. The management of the earnings of state-owned stock rights. Here the most important questions are how the earnings from state-owned stock rights (including the transferred earnings of state-owned stock rights and the dividends earnings of stock rights) are to be obtained and how they are to be used. Who is to decide on how they are used? The "Provisional Regulations on the Management of State-Owned Assets in Experimental Shareholding Enterprises" have already set down clear stipulations in this respect and there is no need to repeat them here.

4. The basic management of state-owned stock rights. In order to guarantee the effective implementation of the management of state-owned stock rights, the government state-owned assets management departments, apart from putting great efforts into raising their own quality, must also seriously do well in the following aspects of basic work: 1) They must do well in the work of fostering and selecting state-owned stock rights representatives, so that the stock rights representatives truly have a quite high political and ideological quality and a quite high policy and law level, and so that they have the capacity to earnestly carry out the operational decision-making and management for which they are responsible; 2) they must gradually establish and perfect a set of management systems for guaranteeing the effective implementation of state-owned stock rights management.

These will include, for example, a state-owned stock rights representative responsibility system, a state-owned stock rights representative standards appraisal system, a state-owned stock rights representative work report system, a state-owned stock rights representative assessment and reward and punishment system, a state-owned stock rights operational report examination and approval system, and so on; 3) they must gradually establish and perfect an information system which can reflect the state-owned stock rights operational situation in an overall, accurate, and timely way, and establish corresponding statistical report and analysis systems, so

as to guarantee the scientific nature and accuracy of the macrolevel operational decisionmaking in respect of state-owned stock rights; and 4) they must gradually establish and perfect organizational structures for the management of state-owned stock rights, including levels such as a stock rights management organizational structure for state-owned assets management departments, an organizational structure for state-owned property rights operations, a property rights management organizational structure for use within state-owned shareholding enterprises, and so on. In addition, the government state-owned assets management departments must also actively assist the various related departments of the government and must bring their role into play in areas such as perfecting the securities market, standardizing the order in share market operations, guaranteeing the notarization of accounting and auditing activities, formulating rational financial and accounting systems, and so on.

Government To Fund Construction of Small Towns

*HK2306062893 Beijing CHINA DAILY in English
23 Jun 93 p 3*

[By staff reporter Xie Liangjun: "¥100m Set For Use in Small Cities and Towns"]

[Text] The Chinese government will appropriate 100 million yuan (about \$17.54 million) this year to support the construction of some 100 small cities and towns as part of efforts to urbanize China's vast rural areas.

Li Li, Deputy Director of the Department of Rural Economy with the State Planning Commission, said in an interview that most of these financial allocations will be spent on building wholesale markets and constructing infrastructure installations.

Local beneficiaries are encouraged to use these allocations—one million yuan (about \$175,400) for each selected city or town—to start and then attract other funds for China's rural industrialization attempts, as it will surely enhance the development of township enterprises.

Li said that China has more than 10,000 small cities and towns, adding that they can play a crucial role in gradually industrializing rural areas, accommodating surplus rural labourers and alleviating the burdens of big cities.

Selling their surplus agricultural production at local markets and providing labour services in such cities and towns have become major cash income sources for most Chinese farmers.

Government officials see the construction of more small cities and towns as important to increase farmers' incomes at a time when a growing number of farmers are losing enthusiasms about planting rice, wheat and corn crops.

In another confidence-building move for farmers, the government will also provide 5 billion yuan (\$877 million) of preferential loans to prop up the growth of rural industries in relatively poor Central and West China.

Local governments are expected to use these low-interest government loans to set up township enterprises which largely process agricultural, native and related products.

According to government officials, these moves are aimed at helping more and more Chinese farmers adapt to the country's 14-year-old marketstyle reform and opening-up policies. They are also designed to maintain a stable countryside.

Invest More

Besides, the Chinese government, in a move to maintain the stable and sustained growth of agriculture, has time and again urged its farmers to invest more in agricultural production and to plant more rice and wheat crops.

Poor profits from crop-planting has hurt the initiative of a growing number of farmers, who turn deaf ears to the government.

Per-capita cash income of Chinese farmers was 240 yuan (\$42) in the first quarter of this year, a slight rise of 5.4 percent.

By the year 2000, each Chinese farmer is hoped to earn an average of 1,200 yuan (\$210.5) of cash money annually, compared with about 787 yuan (\$138) last year and an expected 800 yuan (\$140) this year.

The Chinese government is determined to take effective measures to reduce financial burdens on farmers and to improve their living standards.

Northwest Upgrades Transportation Infrastructure

*HK2306064393 Beijing CHINA DAILY in English
23 Jun 93 p 1*

[By staff reporter Xie Yicheng: "Northwest Upgrades Transport Network"]

[Text] In another move to help speed up development in its landlocked Northwest, China has set out on a new drive to upgrade the hard-pressed transportation system in these inland provinces and autonomous regions.

The drive is aimed at easing rail bottlenecks in the area to narrow the economic gap with the coastal provinces.

The existing transport system in the area has become over-burdened, following a large-scale opening and development campaign there.

Poor land traffic has throttled development of the Northwest, where about 16 million tons of goods and materials fail to be moved out each year.

The central government, along with Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang, are pooling heavy investment into key rail projects to help move out oil, coal, crude salt and grain.

These projects include double-tracking of the 1,622-kilometre Lanzhou-Urumqi railway, the new 498-kilometre Baoji-Zhongwei railway and electrification of the Baotou-Lanzhou railway.

The total length of tracks in the Northwest will stretch to 3,000 kilometres by the end of 1995 when all the projects are completed.

Coinciding with this is an ambitious highway development programme. Incomplete statistics from the Ministry of Communications reveal that investment in the northwestern highway network will surpass 6 billion yuan (\$1 billion) within three years.

Yunnan, Guizhou and Sichuan annually have 11 million tons of freight awaiting shipping.

The Ministry of Railways and the three provinces are spending 10 million yuan (\$1.7 billion) building new lines and renovating old ones.

The 898-kilometre Nanning-Kunming track is designed as a thoroughfare to forge closer economic and trade ties with Southeast and South Asian countries.

Yunnan has also sped up highway construction to boost its economy and tourism. High-grade highways linking Kunming to Chuxiong and Yuxi are expected to open this year.

Decision-makers in the western provinces and regions expect local traffic condition to be thoroughly improved by 1995, to back the State's strategy to develop the central and western areas.

The upgrading of roads leading to border trade ports is another focus of the west to meet the needs of the prospering border trade.

Yunnan provincial government plans to earmark 4.5 billion yuan (\$900 million) for six trunk high-ways to neighbouring countries and provinces.

East Region

Jiangxi Governor Urges Reducing Peasant Burdens

HK2206152093 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 21 Jun 93

[Excerpts] On 16-19 June, Governor Wu Guanzheng went to Lingchuan and Nancheng Counties under Fuzhou City to investigate the issues of easing the peasants' burdens and invigorating the rural circulation system. [passage omitted]

In (Hexi) Township of Lingchuan County, after listening attentively to the opinions of peasants and cadres at the grass-roots level, Wu Guanzheng pointed out: Leaders at all levels should seek unity of thinking by focusing on the instructions issued by the central authorities, should regard the work of reducing the peasants' burdens as one of their management objectives, and should take steps to ensure that the work is implemented in a down-to-earth manner. Meanwhile, it is necessary to vigorously promote the collective economy in rural areas and increase revenue to relieve the peasants of their burdens. [passage omitted]

Wu Guanzheng indicated: To eliminate their losses, it is crucial for the departments in charge of grain as well as supply and marketing to have a flexible operational system, to suit measures to local conditions, to allow different factories and enterprises to have their own policies, to adopt diversified measures to revive the circulation system, and to strive to make up deficits and increase surpluses with an inspired vigor. [passage omitted]

Zhejiang To Begin Broadcasts via Satellite in 1994

OW2306065693 Hangzhou Zhejiang People's Radio
Network in Mandarin 1030 GMT 19 Jun 93

[From the "Provincial News Hookup" program]

[Text] Beginning from 1 January 1994, Zhejiang Province will broadcast one TV program and two radio programs via satellite. This afternoon, an agreement-signing ceremony for the Zhejiang Department of Radio and Television on the lease of a satellite rebroadcasting transmitter from the China Satellite Communications and Broadcast Corporation was held in the Provincial Radio and Television Center. Director (Fang Ming) of the Zhejiang Department of Radio and Television and President (Zhang Mingde) of the China Satellite Communications and Broadcast Corporation signed the agreement on behalf of their respective sides. Vice Chairman Li Debao of the Zhejiang Provincial People's Congress Standing Committee, Vice Governor Xu Zhichun, and Deputy Director Ma Shouliang of the Propaganda Department of the provincial party committee attended the agreement-signing ceremony.

(?Zhongxing) Satellite No. 5, leased to the Zhejiang Department of Radio and Television, is a new, large-capacity [passage indistinct] telecommunications satellite purchased by the China Satellite Communications and Broadcast Corporation from the United States. It is positioned at 115.5 degrees east longitude. It has been learned that the audio and video quality of Zhejiang's radio and TV programs will be greatly enhanced after they are transmitted via satellite. Nearly 2 billion people all over China and in more than 20 neighboring countries and regions will be able to receive Zhejiang's radio and TV programs.

North Region

Hebei Economic, Social Development Report

SK2106081893 Shijiazhuang HEBEI RIBAO in
Chinese 27 May 93 p 2

[Report on the implementation of Hebei Province's 1992 economic and social development plan and its 1993 draft economic and social development plan delivered by Gong Huanwen, chairman of the Hebei Provincial Planning and Economic Commission, at the First Session of the Eighth Hebei Provincial People's Congress on 10 May]

[Text] Deputies:

Entrusted by the provincial people's government, I will give a report on implementation of the 1992 Hebei provincial economic and social development plan and the 1993 draft economic and social development plan for your discussion. I also ask members of the provincial committee of the Chinese People's Political Consultative Conference and other personnel attending this session as observers to offer opinions.

1. Implementation of the 1992 Plan

In 1992, the people throughout the province, under the correct leadership of the provincial party committee and government, conscientiously implemented the guidelines of Comrade Deng Xiaoping's important speeches given during his south China inspection tour and the guidelines of the 14th National Party Congress, firmly focused on the central task of economic construction in emancipating the mind and updating concepts, notably enhanced their awareness in building an economically strong province and accelerating development, pushed the province's reform, opening up, and economic construction to a new stage of vigorous development, and scored significant achievements in all fields. The province's GNP totaled 114.7 billion yuan, up 13.3 percent from the preceding year. Translated, the increased value of the primary industry totaled 25.8 billion yuan, up 0.5 percent; that of the secondary industry 56.8 billion yuan, up 19 percent; and that of the tertiary industry 32.1 billion yuan, up 16.3 percent. The overwhelming

majority of the targets approved at the fifth session of the seventh provincial people's congress were fulfilled or overfulfilled.

A. A fairly good harvest was won in agriculture despite the serious natural disasters, and township enterprises developed at high speed. Due to serious natural disasters, the province experienced a rather large decrease in crop production. According to statistics, grain output totaled 21.856 million tonnes, declining by 3.7 percent from the preceding year and amounting to 95 percent of the target; cotton output totaled 306,000 tonnes, declining by 51.7 percent and amounting to 47.1 percent of the target; and the output of oil-bearing crops totaled 663,000 tonnes, declining by 9.1 percent and amounting to 88.4 percent of the target. Breeding, forestry and fruit production, and other diverse production showed a substantial increase. Meat output increased by 9.1 percent over the preceding year, the output of aquatic products 28.6 percent, and the output of fresh and dry fruits 14 percent, all surpassing the annual targets. The agricultural output value came to 41.982 billion yuan, up 0.9 percent from the preceding year. Township enterprises developed at high speed, with their output value exceeding 100 billion yuan to reach 103.84 billion yuan (current prices), up 41.3 percent from the preceding year and accounting for 44 percent of the province's total social product of society.

B. Industrial production grew rapidly, and economic efficiency notably improved. The province's industrial output value totaled 173.36 billion yuan, up 23 percent from the preceding year. Of the total, the output value of the industrial enterprises at and above the township level came to 116.64 billion yuan, up 17.2 percent, which was much higher than the planned rate. The output of the overwhelming majority of the major products listed in the plan showed an increase at varying degrees. While the production rate was expedited, the efficiency of the industrial economy improved notably, and the improvement of most norms was better than the national average. The overall index of the economic efficiency of the industrial enterprises at and above the township level which exercised independent accounting reached 84.52 percent, up 11.96 percentage points from the preceding year, a growth rate 6.36 percentage points higher than the national average; and its ranking in the country rose from 23d to 14th. Aimed at achieving "three decreases and three increases," the various targets of the "553911" project [reducing by 50 percent the products overstocked by the end of 1991, reducing by 50 percent the increased amount of the funds tied up by finished products, goods shipped in transit, and receivable and advance payment for goods calculated on the basis of the 1990 year-end amount; reducing by more than 30 percent the deficits of budgetary industrial enterprises; increasing the 1992 product marketing rate to more than 98 percent; increasing both the profit-tax rate of funds and the profit-tax rate of sales by 1 percentage point over 1991; and increasing the annual amount of profits and taxes created by industrial enterprises by more than 10

percent] were all overfulfilled. The marketing rate of the products of the industrial enterprises at and above the township level which instituted the independent accounting system reached 98.57 percent, up 3 percentage points from the preceding year; the deficits of loss-making enterprises dropped by 43.1 percent; the profits and taxes created by local budgetary industrial enterprises grew by 74.3 percent; and the profit-tax rate of sales was 10.13 percent, and the profit-tax rate of funds was 12.76 percent, up 2.98 and 4.68 percentage points, respectively.

C. Investment in fixed assets increased rapidly, and a big headway was achieved in construction and pre-phase work of large and medium-sized projects. The completed investment in fixed assets of the whole province was 33.58 billion yuan, up 39.7 percent over the previous year. Of this, the investment of the state owned units was 20.04 billion yuan, up 56.6 percent, being a year with the highest increase margin since the commencement of reform and opening up. Of the investment in fixed assets of state-owned units, the investment of localities was 13.15 billion yuan, up 68.2 percent, or fulfilling the plan by 151.3 percent. Investment structure was readjusted continuously. The investment in the tertiary industry increased by a relatively large margin, with its proportion in the investment of the state-owned units rising from 28.2 percent in 1991 to 34.9 percent. Construction of key projects was accelerated. In 1992, 19 key capital construction projects or single-item projects were completed and commissioned. The pre-phase work of large and medium-sized projects were strengthened with good results. Throughout the province, 10 large and medium-sized capital construction projects were newly listed in the state Eighth Five-Year Plan, 20 projects passed the state consulting appraisal, and 24 large and medium-sized capital construction projects had their suggestion letters or feasibility study reports approved. Of the 151 large and medium-sized capital construction projects and the above-norm technological transformation projects that were originally arranged by the Eighth Five-Year Plan, 137 projects were approved by the state by the end of 1992, with the total investment reaching 79.7 billion yuan. Of these projects, 85 were under construction, and 14 were completed and put into production.

D. The scale of foreign capital utilization was expanded further, and gratifying achievements were scored in opening up. In 1992, there were 1,301 registered foreign-invested enterprises of three types in the province, and the registered funds amounted to \$1.867 billion, of which, the foreign funds amounted to \$926 million, surpassing the total sum before 1991. By the end of 1992, a total of 507 foreign-invested enterprises of three types were established and commissioned, of which, 238 were newly commissioned in 1992. In 1992, the province actually utilized \$287 million in foreign funds, up by 70.9 percent over 1991. Of this figure, the direct investment by foreign firms was \$180 million, up 300 percent. The sphere of cooperation with foreign countries was

expanded further. The partners of cooperation expanded to 42 countries and regions, and the items of cooperation were dispersed in more than 20 trades of the national economy. In addition to the industrial and agricultural development projects, the cooperation items began to spread to the tertiary industry and the large-scale land development, and great results were achieved. The international tourism continued to develop. In 1992, the province received a total of 90,000 tourists from abroad and from Hong Kong, Macao, and Taiwan for sightseeing, visits, and observations, up by 30.8 percent over the previous year. In 1992, the foreign exchange income from tourism was 63.08 million yuan (foreign exchange certificates), up by 42.7 percent over the previous year. The volume of foreign export trade was \$1.78 billion, up 2.5 percent.

E. The tertiary industry witnessed a development trend never seen before, and market construction was strengthened particularly. In 1992, the growth rate of the added value of the tertiary industry was 16.3 percent, surpassing the national average growth rate by 7.1 percentage points. The proportion of the tertiary industry in the gross domestic product rose from 27.4 percent in 1991 to 28 percent. New headway was made in traffic, transportation, postal, and telecommunications service, and the building of markets of various economic types was strengthened. In the investment in fixed assets of the state-owned units, the proportion of the investment in the tertiary industry rose by 6.7 percentage points over 1991. In 1992, the province newly built, rebuilt, and expanded 555 country fair markets, with investment reaching 1.05 billion yuan. A number of standardized specialized wholesale markets, including the Chinese Qinhuangdao Coal Market, the Hebei Materials Wholesale Market, and the Beifang Agricultural Production Means Wholesale Market, started business in 1992. Markets of essential production factors, such as monetary, technology, labor service, information, and real estate markets, began to develop, playing a positive role in stimulating the circulation of goods and perfecting the market mechanism. In 1992, the total volume of retail sales was 49.72 billion yuan, up 14.5 percent over the previous year.

F. The province strove to balance between revenues and expenditures. The financial department played a key role in promoting the economic construction. Along with the development of the economy and the increase in the economic results, the province registered a faster increase in revenues. Last year, the province topped, for the first time, 10 billion yuan in its revenues, and the revenues reached 10.117 billion yuan, an increase of 11.5 percent and 105.4 percent of the readjusted budgeted figure. The expenditures reached 10.119 billion yuan, an increase of 11 percent and 90.7 percent of the readjusted budgeted figure. So, the province basically realized a balance between revenues and expenditures. The financial undertaking developed steadily. Particularly, the monetary organs other than banks enlivened the flow of funds. By the end of 1992, the savings

deposits of the monetary organs reached 116.16 billion yuan, an increase of 22.23 billion yuan over the figure at the beginning of the year. Various loans came to 118.07 billion yuan, an increase of 20.18 billion yuan over the figure at the beginning of the year. Thus, the province topped 100 billion yuan in both the savings deposits and the loans. All this has vigorously supported the province's economic development.

G. We further strengthened the combination between science and technology and the economy and made new achievements in education and other social undertakings. Of the 1,242 projects listed in the provincial scientific research plan, 95.4 percent attained the planned progress requirements, 548 passed the assessment tests, 100 findings attained the domestic advanced levels, and 30 attained the international advanced levels. Of the 100 scientific and technological findings that should be popularized according to the plan and in the order of priority, more than 60 percent were popularized and applied. Through the popularization of these findings, 460 million yuan of economic results were added. A group of new high-tech industrial development zones and torch garden zones vigorously emerged. The province made bigger strides for reforming the system of the higher educational system. The proportion of the students at their own expenses, the students cultivated on a commissioned basis, and the newly recruited students increased by a big margin. The local regular universities and colleges recruited 27,600 students, an increase of 45.6 percent; and the universities for adults recruited 19,000 students, an increase of 36.4 percent. The secondary specialized schools recruited 45,000 students, an increase of 31.6 percent. The vocational and technical education was developed rapidly. Sixty county-level general vocational and technical educational centers were established across the province. The basic education was consolidated. The school attendance rate of the students of school ages reached 98.4 percent. The family planning work was further strengthened. The annual population natural growth rate was 8.9 per thousand, a drop of 4.71 permillage point. New achievements were made in cultural, public health, sports, press, publication, radio, television, and environmental protection undertakings.

H. Market prices steadily increased, and the people's livelihood was continuously improved. Although the state and the province worked out some measures for price readjustment, there was no big price fluctuation thanks to the factors that the markets had ample supply of commodities, the dwellers had a fairly stable feeling of consumption, and the funds from consumption were diverted. The commodity retail sale prices rose by 5.2 percent and were controlled within the planned target of 6 percent. The wage bills of the staff and workers reached 16.84 billion yuan, an increase of 18.4 percent. The per capita currency wages of the staff and workers reached 2,485 yuan, an increase of 15.3 percent. The per capita net income of the peasants reached 682.5 yuan, an increase of 3.8 percent.

Viewing the general situation, we know that the situation in implementing the province's 1992 national economic and social development plan was good. The pace of reform, opening up, and economic construction was accelerated. All this has created a good situation in elevating the province's economy to a new high. However, some contradictions and problems in the economic operation, that merit our attention, still exist. The main indicators are as follows: First, the foundation for agriculture was weak, and reduction in production due to disasters remained very conspicuous. The province suffered serious damage due to disasters, and the production of crops, especially cotton, declined by a large margin. This clearly exposed Hebei's weak foundation for agriculture and low capacity for comprehensive production. Meanwhile, there were also other problems, such as a rise in the cost of agricultural production, too heavy a burden on peasants, and the sluggish increase in income, which not only prevented peasants from developing their initiative but also affected the sound development of the economy. Second, the quality of the operation of the industrial economy was rather low, and the structural contradiction still existed. The rapid industrial growth resulted mainly from the increase in investment and credit, and the industrial structure and product mix did not show notable improvement. It remained a conspicuous problem that we had only few products that had high technology content, achieved a large share in the market, had high added value, could earn plenty of foreign exchange, and consumed low energy resources and materials. The overall index of the industrial economic efficiency increased fairly rapidly, but it was still 4.93 percentage points lower than the national average and much lower than advanced provinces and municipalities. Overt deficits of local budgetary industrial enterprises declined notably, but their "covert deficits" remained serious. Third, basic industries imposed restrictions as "bottleneck," and the shortage of funds aggravated. Following the rapid growth in industrial production and investment demand, supplies of major raw materials and electricity became strained, the contradiction created by a lack of means of transportation became more conspicuous, and, in particular, there was a large decline in the rate of the railway transportation that met demands. In 1992, railways could transport merely 60 percent of the cargo that had to be transported, and railways in the Anyang, Dezhou, and Shanhaiguan sections could transport merely 30 percent of the cargo to be transported. The contradiction created by shortages of funds also aggravated. It existed in industrial and agricultural production, key construction projects, and foreign-funded projects and became the major factor restricting Hebei's rapid economic development. Fourth, exports and the effort to accelerate economic development were extremely incompatible with the needs in opening to the outside world. Hebei's exports grew slowly. In 1992, it earned merely \$1.78 billion from exports, up merely 2.5 percent from the preceding year. Of the total, \$1.41 billion was earned from ordinary trade and the exports of the three types of foreign-funded enterprises, showing an increase of 5.7

percent, which was much lower than the national average of 18.2 percent. This made the province very incompatible with its status as a coastal province. We should make great efforts to address the aforementioned problems when doing work in the future.

2. Guiding Thought and Major Targets for 1993 Plan and Work

The year 1993 is a crucial year for implementing the Eighth Five-Year Plan. The guiding thought for arranging the province's economic and social development plan is to comprehensively implement the guidelines of the 14th national party congress and, in line with the arrangements of the First Session of the Eighth National People's Congress and the requirement for establishing the socialist market economy system, further emancipate the mind, seize the opportunity, continue to strengthen agriculture and other basic industries, accelerate construction of infrastructural facilities, actively cultivate leading industries, strive to develop the tertiary industry, greatly facilitate technological progress and improve management, and lead the economy to develop rapidly in the direction of upgrading quality, optimizing the structure, and improving efficiency through large-scale reform, large-scale opening up, large-scale development, large-scale change, and large-scale improvement.

According to the aforementioned guiding thought, the major targets of the 1993 economic and social development are as follows:

A. Economic development targets.

a. Economic growth rate: The GNP should increase by 12 percent. Of this, the added value of agriculture should increase 5 percent; that of industry, 13 percent (that of industry at or above the township level, 12 percent); and that of the tertiary industry, about 17 percent.

b. The output of major industrial and agricultural products: The total grain output should range from 22.5 to 23.5 million tons, an increase of 2.9 to 7.5 percent; the total cotton output should reach from 450,000 to 550,000 tons, an increase of 47.1 to 79.7 percent; the raw coal output should reach 62 million tons, basically maintaining the 1992 figure; the power generation volume should reach 48.8 billion kilowatt hours, an increase of 6.8 percent; the pig iron output should reach 7.05 million tons, an increase of 3.2 percent; the output of steel products should reach 4.3 million tons, an increase of 5 percent; that of cement should reach 21 million tons, an increase of 8.1 percent; that of chemical fertilizer should reach 1.38 million tons, basically maintaining the figure of 1992; that of soda ash should reach 540,000 tons, an increase of 11.3 percent; that of chemicals should reach 23,000 tons, an increase of 25 percent; that of vehicles should reach 43,000, an increase of 13.2 percent; that of cotton yarn should reach 323,500 tons and strive to reach 359,000 tons, slightly lower than the 1992 figure; that of chemical fibers should reach 45,000

tons, an increase of 60.7 percent; and that of cigarettes should reach 1.17 million boxes, keeping the figure of 1992.

c. The scale of investment in fixed assets: The investment in fixed assets of society as a whole should reach 38 billion yuan, an increase of 13.2 percent over the previous year. Of this, the investment in fixed assets of state units should reach 23.2 billion yuan, an increase of 15.8 percent. The investment rate calculated according to the GNP should be kept about 30 percent.

d. Foreign economic relations and trade: The foreign trade export value should range from 1.85 to 1.9 billion yuan. Of this, the volume of export through the local trade and by three types of foreign-funded enterprises should reach 1.54 billion yuan, an increase of 10 percent; and \$300 million worth of foreign capital should really be used, an increase of 4.5 percent.

e. Circulation of commodities: The total volume of retail sales of commodities should reach 56.7 billion yuan, an increase of 14 percent. The rise in the commodity retail price index should be controlled within 8 percent.

f. Revenues: Revenues should reach 10.95 billion yuan, an increase of 8.2 percent.

g. Major industrial economic results: The overall index of industrial economic results should increase by two percentage points. The marketing rate of the products of the independent accounting industrial enterprises at or above the township level should be 98 percent, their net production value rate should exceed 28.1 percent, their cost profit rate should be 4.9 percent, their capital profit and tax rate should be 8.9 percent, and the turnover of their working funds should be 1.6 times.

B. Targets for scientific and technological progress:

The province plans to arrange 50 key scientific and technological projects, to make 100 research findings at or above the domestic advanced levels, to popularize 100 scientific and technological findings, and to build four key laboratories and 10 industrial experimental projects.

C. Targets for social development and people's livelihood:

a. Institutions of higher learning should recruit 47,000 students. Of this, local universities and colleges should recruit 34,000 students, an increase of 23.3 percent; and secondary specialized schools should recruit 60,000 students, an increase of 33.3 percent.

b. The number of hospital sickbeds should reach 154,000, an increase of 1.3 percent.

c. In 1993, the natural population growth rate should be controlled within 12.7 per thousand. By the end of the year, the total population of the province should be controlled within 63.547 million.

d. The total wage bill for staff and workers in the province in 1993 is planned at 19.32 billion yuan, up 14.7 percent, and the per capita net income of peasants is planned at 750 yuan, up 9.9 percent over 1992.

D. Objectives for natural resources and environmental protection:

a. The cultivated land tied up by non-agricultural construction projects should be controlled within 130,000 mu, and 120,000 mu of cultivated land should be newly developed.

b. The afforested areas up to standards should reach 3.63 million mu.

c. The waste industrial gas treatment rate should reach 85.5 percent, and the industrial waste water treatment rate should reach 84.6 percent. Some 2.5 million tons of standard coal should be conserved. The energy consumption for each 10,000 yuan output value of the industrial enterprises at or above the county level that exercise independent accounting should be reduced to 4 tons of standard coal.

3. Priorities and Major Tasks Arranged by the Plan

A. We should vigorously develop the high-output, fine-quality, and high-efficiency agriculture and invigorate rural economy in an all-round way. In 1993, the province's rural economic development should be aimed at deepening rural economic reform in line with market demand, continuously optimizing rural industrial structure, vigorously increasing economic efficiency of agriculture, increasing peasants' income, reaping bumper harvest based on combating drought, and ensuring that rural economy will increase steadily. To this end, we should first positively readjust the agriculture's cropping structure and make great effort to develop various kinds of cash crops on the basis of ensuring the stable increase in grain and cotton output. We should continue to strengthen planned guidance and macroeconomic regulation and control, successfully build grain and cotton production bases, and make grain and cotton output increase greatly. According to the plan, the grain sowing acreage should reach 100 million mu or more and the cotton growing acreage reach 9 to 11 million mu. Second, we should try every possible means to increase the input in agriculture and strengthen the building of agricultural infrastructure. This year, despite the extremely serious shortage of investment provided by the provincial-level budget, the province plans to invest 150 million yuan in agricultural construction, accounting for 46.3 percent of the total budgeted investment in capital construction, or an increase of 32 percent over last year. Adding the funds used in agriculture by financial and banking units, the total input in agriculture is expected to surpass 4 billion yuan, an increase of 11 percent over last year if calculated in terms of comparable standards. In the course of doing the pre-phase work for the middle section of a river diversion project, we should lay emphasis on the construction of Taolinkou Reservoir and the Weishan Huang He diversion project,

on the reinforcement of Xidayang, Dongwushi, and Yunzhou reservoirs that are in danger, and the harnessing of Yongding, Baigou, and other major rivers. We plan to sink 50,000 new wells and repair 50,000 wells, build 8.8 million meters of water transmission pipelines, newly add 1.24 million mu of irrigated fields, build 1 million mu of fields that ensure stable yields despite drought or excessive rain, improve 2.5 million mu of waterlogged fields, and bring 1,300 square km of soil eroded areas under control. We should continue to grasp the agricultural development on Haihe Plain, the ecological agricultural project on the upland area, and the building of agricultural development projects using the World Bank loans. As a form of giving relief to poverty-stricken areas, we should initiate drinking water supply project for people and animals, road construction projects, and farmland infrastructure construction projects in these areas. Third, we should persist in the work of invigorating agriculture through science and technology. We should give prominence to spreading 20 major agricultural scientific and technological achievements, with emphasis on good new varieties of grain, cotton, edible oil, domestic animals, poultry, aquatic products, and fruits. We should strive to make more than 90 percent of fields are sown with fine varieties of crops and make 50 to 80 percent of pigs, chickens, cattle, and sheep are of fine breeds. We should expand the plastic sheeting covered fields to 3.5 million mu and the make the fields applying compound feed reach 70 million mu. The fields subject to the comprehensive prevention and curing of plant diseases and insect pests should be expanded to 290 million mu, and the fields subject to systematic cultivation should be expanded to 40 million mu. Fourth, all trades and professions, particularly the industrial front, should strengthen the support to agriculture. It is necessary to perfect the socialized service system and further achieve the production and supply of capital goods for agricultural use. Fifth, we should realistically alleviate the peasants' burden and protect the economic interests of the peasants. It is necessary to continuously implement various preferential policies. To support cotton production, from this year, the state and the province have started to carry out the method of paying extra money to the peasants to cover the difference between parity prices and negotiated prices and the various kinds of subsidies when purchasing cotton instead of supplying them with fertilizer and diesel oil at parity prices. The cotton purchasing units should directly pay the money to the peasants. It is necessary to carry out the bottom protective prices for the key farm products, such as grain and cotton. We should resolutely end the phenomena of wantonly apportioning expenses and wantonly rising the prices of key capital goods so as to further mobilize the peasants' enthusiasm for production. Sixth, we should vigorously develop town and township enterprises. According to the principle of "driving various wheels, operating various tracks, giving different instructions to different conditions, and giving free reins to development," we should grasp favorable opportunities and strive to make extraordinary development. This year, the output value of town and township

enterprises should reach 140 billion yuan, an increase of 36 percent; and the profits and taxes handed over to the higher levels by town and township enterprises should reach 2.38 billion yuan, an increase of 8.2 percent.

B. We should persistently take structural readjustment and improvement of economic results as the key link and promote a sustained and rapid development of industrial production. First, according to the overall arrangement for first developing such dominant industries as chemical, machinery, and electronics industries and first transforming such advantages industries as metallurgical, textile, building materials, light, and medical industries and in line with the demands for "the high-efficient heavy industry and the precision and intensive light industry," we should concentrate efforts to make a good start in the plan for building "dragon" and "tiger" enterprises and continue to attend to the development of "six groups." That is, attend to developing a group of new products and updating and upgrading a group of old products, attend to conducting technological transformation among a group of small and medium-sized enterprises, attend to building a group of large and medium-sized capital construction projects and to developing above-norm technological transformation projects, attend to signing contracts on running a group of three types of foreign-funded enterprises and to ensuring the normal operation of these enterprises, attend to building a group of export base enterprises and export-oriented enterprises, and attend to organizing a group of enterprise groups and ensuring that the enterprises that are hopeless in halting deficits should be closed down, suspended, merge with other enterprises, or shift their lines of production. According to the principle of paying equal attention to making development and practicing economy, we should strengthen the construction of coal, power, and petroleum projects and intensify such basic work as geographic prospecting. Second, we should deeply launch the "three-increase and one-progress" campaign; and ensure that the added value of the industry at or above the township level should increase by 12 percent, the profits and taxes realized by the industry should increase by 12 percent, the added value of their fixed assets should increase by more than 20 percent, and the province should upgrade its rank in the whole country in terms of the overall index of economic results. Third, we should intensify the development of new products and promote scientific and technological progress. We should fully use effective means to encourage enterprises to upgrade and update their products. This year, the province should develop 2,400 new products, put 1,000 new products at or above the provincial level into mass production, and ensure that more than 15 percent of processed industrial products should be updated and upgraded. Fourth, we should continue to tap the internal potential of enterprises, save energy, reduce consumption, exert efforts to eliminate both overt and covert deficits, and further improve the economic results of industrial enterprises. We should

conscientiously implement various policies on eliminating covert deficits. This year, the budgetary money-losing enterprises should reduce 20 percent of their losses, and the local budgetary industrial enterprises should reduce 20 percent of covert deficits. Simultaneously, we should strive to reduce enterprises' burdens.

C. We should reasonably arrange the scale of investment in fixed assets and realistically attend to the construction of key projects. In 1993, the investment in fixed assets of society as a whole is arranged at 38 billion yuan. Of this, the investment in the fixed assets of local state units is arranged at 15.33 billion yuan, an increase of 16.7 percent over the previous year. Of the investment in the fixed assets of local state units, 7 billion yuan is arranged for capital construction, an increase of 12.9 percent; and 6.5 billion yuan is arranged for technological transformation, an increase of 18.2 percent. The orientation for use of investment is that at the time of ensuring to continuously increase the investment in such agriculture, energy resource industry, transportation, communications trade, and such basic industries as key raw material industry, we should pay attention to increasing the input to new high-tech, value-added, high export and foreign exchange creating, and intensive and precision processing projects as well as to the development of tertiary industry.

In 1993, the province plans to build 159 key construction projects, 56 more than in 1992, with the total construction scale reaching 51.5 billion yuan. This year, the province plans to invest 10.82 billion yuan in building these projects, up by 130 percent over 1992. These projects include 102 capital construction ones and 57 technological transformation ones. Of these projects, 92 are under continued construction, 52 are newly initiated, and 10 are reserve ones. It is demanded that this year 46 projects should be completed and commissioned, newly adding the production capacity of 3.24 million tons of coal, 500,000 tons of ore, 875,000 tons of pig iron, 280,000 tons of steel, 637,000 kw of electricity, and 300,000 lines of program-controlled telephones.

To ensure the smooth construction of the province's key projects, the province plans to adopt the following measures: The first measure is to raise funds by hook or by crook. All banking institutions and departments concerned are demanded to open up fund raising channels, conscientiously implement the fund raising tasks assigned by the provincial government, and support the construction of key projects. By continuously carrying out the policy of "supporting industries with the development of diverse undertakings and developing industries on a snowballing basis," we should raise the infrastructure construction funds to strengthen the building of infrastructure in urban areas. The second measure is to appropriately increase the budgetary investment. The increased portion of investment should be mainly spent on the continued construction of key projects and their subsidiary projects. The third measure is to improve the usage and management of funds. To make the limited funds play the role as the lever, beginning this year, the

budgetary investment made in a construction project should be used on a paid basis if the project is able to pay it, or the investment should be granted in the form of loans with discounted interest in order to improve the utilization results of funds. The fourth measure is to strictly control the construction of unreasonable and low-level projects that are duplicated and ill-considered in order to spend the limited funds on the most urgent aspects of economic construction. The fifth measure is to continuously strengthen the management of key construction projects and incorporate the work concerning construction of key projects to the content of the assessment of the government's duties and responsibilities. At the same time, we should continue to do well the pre-phase work of projects, further perfect systems, and strengthen management in order to make 20 projects pass the state appraisals for deciding the projects and the state appraisal for the feasibility study and make more than 10 projects have the conditions to start construction next year.

D. We should vigorously develop the tertiary industry and positively cultivate and perfect the market system. In line with the state unified planning, the province has drawn up the development program for the tertiary industry and the program will be put into effect in the second half of this year. The province will use the role of diverse sectors of the economy and depend on the forces in society to develop the tertiary industry in line with the demand of gradually building a unified and open market system, a fully functioned socialized service system, a reasonable and reliable social guarantee system, and a feasible macroeconomic regulating and controlling system. In the course of strengthening scientific and technological education, we should emphatically develop commodity markets, markets of essential production factors (including means of production, talented people and laborers, information, consultation, bank insurance, and real estate), and communications, postal, and telecommunications trades. In developing commodity markets, we should focus on building the regional markets, such as the Hebei Grain and Edible Oil Wholesale Market and the Hebei Cotton Wholesale Market, and the several large commercial towns, such as Shijiazhuang Beiguo Commercial Town, Qinhuangdao Commercial Town, and Dongfang Shopping Center. We should also focus on rebuilding and expanding a number of large markets that have influence throughout the country, such as Xincheng Baigou Market, Anguo Dongfang Medicine Town, and Xinji Leather Commercial Town. We should attend to the pre-phase work for building the 10 standardized wholesale markets oriented to the demands of the whole country, such as the Shijiazhuang electronics, textile, garment, and medical markets. This year, the province plans to newly build and rebuild 500 country fair markets and invest 1 billion yuan or more in building these markets. The business volume of country fair markets should reach 24 billion yuan. In building traffic, postal, and telecommunications projects, we should mainly grasp the project of doubling the lanes of Beijing-Shijiazhuang Highway and the

projects of building Shijiazhuang-Taiyuan Highway and seven other highways. In 1993, the province plans to open 300,000 lines of program-controlled telephones and newly build 44 mobile communications stations. We should create conditions for accelerating the construction of various financial institutions. The Bank of China plans to organize the construction of 25 branch banks at the county level and strives to establish communications banks in the cities of Handan, Baoding, Cangzhou, and Zhangjiakou. Efforts should be made to accelerate the construction of financial street in Shijiazhuang city and to gradually foster a financial market system in which the markets of stocks, loans, and foreign exchange regulation coexist. The province as well as various prefectures, cities, and counties should set up their fixed office for talented personnel market this year and actively establish their technical markets to promote the growth of real estate markets.

E. We should vigorously increase our incomes and curtail our expenses as well as increase the credit income as much as possible. The arrangement of 1993 plan for financial revenues is 10.95 billion yuan, an 8.2-percent practical increase over 1992. To ensure a balance between financial revenues and expenses in the year, the emphasis of financial work should be placed on further straightening out the distribution relations in line with the demands of building socialist market economic systems; on improving the tax systems; on extensively carrying out the activities of having the tax affairs promote production and increase incomes; on bringing into play the promoting role of financial affairs in the economy. Efforts should be continuously made to enhance the budget management, to bring under strict control the non-productive expenses, to promote the reform among the administrative institutions, to improve the structure of financial expenditures, to reinforce the financial function of investments made in construction, and to have the financial revenues and expenditures get into benign cycle.

In the credit aspect, the province's plan for the increased volume of various deposits in various financial institutions is 20 billion yuan. The deposit volume at the end of this year will reach 136.2 billion yuan, a 17.2 percent increase over 1992. The plan for the increased volume of various loans is 21 billion yuan. The volume of loans at the end of this year will reach 139.1 billion yuan, a 17.8 percent increase over 1992. To better support the economic development, first we should vigorously organize the deposits and expand the fund sources; second we should enliven the possessed volume of loans, concentrate our efforts on upgrading the benefits of fund utilization, emphatically curtail the occupation of three funds, invigorate the idle funds, clear up or withdraw various abnormal loans, and speed up fund turnover; third we should actively readjust the credit structure, optimize the increased volume of funds, and concentrate funds on supporting the construction of key projects and the production of commodities with "four highs"; fourth we should expand the channels of raising funds, facilitate

the flow of the funds through multiple ways, particularly introduce more funds from places outside the province, and saturate maximumly the fund demands of production and construction.

F. We should actively and effectively utilize foreign capital and vigorously develop economic and trade relations with foreign countries. In the work of utilizing foreign capital this year, we should realistically and firmly build auxiliary facilities for the signed projects of "three types of foreign funds" so as to enable these projects to be started in construction as soon as possible. Units that have signed contracts with outside firms but are short of funds for building auxiliary facilities should adopt every way and means to raise funds. Banks involved in the contracts should try every means to ensure the delivery of funds and vigorously upgrade the rate of honoring these contracts. Meanwhile, we should utilize various opportunities and adopt multiple forms to successfully conduct talks of inviting the business of "three types of foreign funds". We should truly achieve in signing contracts among the introduced projects that have been announced and in managing well the three types of foreign-funded enterprises that have been completely built. To enhance the macro guidance over the direct utilization of foreign funds, our province has revised and formulated its 1993-1995 guidance catalogue for foreign businessmen or firms to invest their money in the province. Of this catalogue, the number of projects in which foreign investors can enjoy preferential treatment has increased from 169 to 217; that of projects in which restrictions have been set up has decreased from 321 to 166; and that of projects in which prohibition has been enforced has decreased from 25 to 20. We should adopt more flexible forms to broaden the fields of utilizing foreign capital. The province plans to issue more than 2,000 projects of utilizing foreign funds this year. The number of projects in which contracts have been signed and registration has been made should reach 1,000 and that of the three types of foreign-funded enterprises that have newly been built and put into production in the year should reach from 500 to 750. The volume of directly-introduced foreign funds should reach \$190 million and that of various foreign loans should reach \$110 million.

To expand the scale of export and to ensure the realization of the task for creating \$1.54 billion foreign exchange by the ordinary trade and three types of foreign-funded enterprises. First, at the time of speeding up the change of the managerial mechanism of foreign trade enterprises, simultaneously we should assign export targets to export enterprises and relevant prefectures and cities and carry out the system of responsibility for fulfillment of the assigned targets. Second, we should intensify the idea of large-scale foreign trade and widen the channels for export. Through various forms, such as running management departments and organizing "windows," we should strive to have 400 enterprises with managerial rights to import and export. Third, we should vigorously pioneer international markets and achieve

the export commodity sales exhibitions. Fourth, we should positively readjust the structure of the export products and strengthen the construction of export bases. The province plans to build 100 new industrial-trade, agricultural-trade, technological-trade, and commercial-trade export bases and to add \$30 million foreign exchange creating capability. Simultaneously, we should bring the advantages of having tourist resources into play to positively develop tourist trade, extensively establish friends to disseminate Hebei, and increase non-trade foreign exchange earnings.

G. We should continue to promote the integration of economic construction with science and technology and education to speed up the development of various social undertakings. In 1993, the province should focus the scientific and technological work on integrating economic construction with science and technology and education, on promoting the transformation of scientific and technological findings into productive forces, and on vigorously launching the campaign of "the year of scientific and technological progress." We should organize the technological forces of scientific research units and institutions of higher learning to prominently tackle scientific and technological problems; to accomplish 100 key applied research findings at or above the national advanced levels; to be determined to popularize and apply scientific research findings; and adopt various measures to invite tenders, become shareholders, inviting contractors, giving handsome rewards to speed up the transformation of scientific and technological findings into productive forces. We should vigorously develop new high-tech and other industries; speed up the construction of the eight state- and provincial-level new high-tech industrial development zones respectively in Shijiazhuang, Baoding, Tangshan, Chengde, Langfang, Zhang Jiakou, Qinhuangdao, and Handan; and of 30 provincial-level torch garden zones; build 250 new high-tech enterprises by the end of this year; develop 350 new high-tech products with competitiveness on the international and domestic markets; and strive to upgrade the proportion of science and technology in the economic growth.

We should further reform the university and secondary specialized school student recruitment system and expand these schools' decision-making right to running schools. On the premise of fulfilling the state tasks and ensuring the teaching quality and in accordance with social demands and the school running conditions, this year, the universities across the province plan to recruit 19,000 students with tuition, an increase of 58 percent over the previous year. The secondary specialized schools plan to recruit 34,000 students with tuition, an increase of 100 percent. Simultaneously, we should further readjust the educational structure and the setup of specialized subjects, vigorously develop vocational and technical education and the education for adults, and increase the quota of recruiting students for county-level vocational educational centers from among ordinary

secondary specialized classes so as to cultivate increasingly more specialized skilled persons for county-run enterprises and town and township enterprises.

We should continue to strengthen the construction of socialist spiritual civilization and vigorously develop cultural, public health, sports, press, publication, archives, broadcasting, and television undertakings. On the basis of national economic and social development, we should strive to increase the income of urbanites, particularly the peasants, and ensure to ceaselessly improve the people's livelihood. We should strictly control the population growth rate and realistically control the population natural growth rate within the planned target.

4. We Should Further Speed Up the Reform of the Economic System

According to the requirements for setting up the socialist market economic system, the 1993 major economic structural reform tasks are defined as follows: We should take the reform of state-owned enterprises' managerial mechanism and the change of the governments' functions for economic management as the focal point and speed up the enterprise reform with the focus on the central link of pushing enterprises to markets. We should take the acceleration of the price reform as the turning point; reform, in a coordinate manner, the financial and tax, banking, and planning systems; vigorously cultivate and develop the market system; comprehensively promote the reform of the social insurance, housing, and land usage systems; improve the overall trial reform quality; and realistically achieve the basic work relating to the setup of new systems.

A. We should accelerate the pace of changing operational mechanism of state-owned enterprises, large and medium-sized enterprises in particular, and establish a vigorous and efficient enterprise system. First, state-owned enterprises should separate government administration from enterprise management, and various decision-making powers should be delegated to enterprises one by one in strict accordance with the "regulation on changing enterprises' operational mechanism." We should continue to deepen the reform of labor, personnel, and distribution systems and gradually form an efficient and vigorous mechanism that is oriented to market demands. Second, we should positively explore effective forms for public ownership, carry out experiments for the shareholding system of enterprises in a well-guided and systematic manner, and change a number of state-owned enterprises to shareholding enterprises in a planned manner on the basis of bringing the property rights relations into better balance in line with the regulations of the State Council and with the specified opinions and procedures drawn up by the pertinent departments of the state. This year, we plan to select Huabei Pharmaceutical Factory and some other enterprises to experiment with the system of issuing and selling their shares to the public. On the basis of standardizing the existing experiments for the shareholding

cooperative system, we should encourage in a planned manner urban collective enterprises and township and town enterprises to carry out the shareholding cooperative system. Third, we should vigorously readjust the organizational structure of enterprises and improve the general economic efficiency. Small state-owned industrial enterprises, retail commercial enterprises, and catering and service enterprises may be leased and sold to collectives or individuals for management through open bidding. We should actively encourage and guide enterprises to contract and lease other enterprises and encourage township and town enterprises and urban enterprises to contract and lease each other. Where possible, enterprises may attract foreign traders to contract and lease domestic enterprises.

B. We should further reform the circulation system and positively cultivate and develop the unified market system. We should gradually establish a relatively complete market system with focus on establishing and perfecting market regulations and developing the market of essential production factors. We should continue to establish and perfect the agricultural and sideline product primary markets and regional wholesale markets to give rise to a multi-layer market network. We should actually solve the problem concerning the impeded circulation of grain and cotton. We should seize the favorable opportunity to bring into better balance the relations between various prices. We should further reform grain and cotton purchasing and marketing system. On the basis of summarizing Qinhuangdao City's experience in decontrolling prices of grain and edible oil on an experimental basis, we should positively and appropriately decontrol the grain marketing price throughout the province and carry out the lowest protective prices for procuring grain. We should accelerate the reform of the materials ordering system, perfect and develop the market of means of production, and actively popularize the modernized circulation forms such as the delivery of materials. On the basis of continuously developing the commodity market, we should vigorously develop the markets of essential production factors, such as the monetary market, the labor service market, the technology market, and the property right market, and incorporate these markets to the unified open market system. We should adopt effective measures to break with the barriers between different regions and between different departments and to overcome the monopoly of market. We should perfect market regulations and standardize the market transaction behaviors to protect legal operation and fair competition.

C. We should further deepen the reform of planning system and improve macroeconomic regulation and control. To keep abreast of the demand of the socialist market economic system, planning departments should change from mainly applying administrative means to manage the economy and laying particular emphasis on fixing quotas, dividing investment, and approving projects to doing research for strategy, drawing up plans, exercising macroeconomic regulation and control, maintaining balance between total supply and total demand,

formulating industrial policies, cultivating markets, carrying out key projects, and giving coordinated service. Planning departments should also gradually change from mainly conducting direct planning and management to mainly conducting indirect management by coordinately applying economic levers and economic policies in order to correctly play the role as the important means of the macroeconomic regulation and control of the state plans.

We should further simplify the management of planned targets in the production and circulation spheres. From this year, the provincial planning and economic commission should reduce the number of planned targets from 173 to 91, a drop of 47.4 percent. Of this, the number of mandatory planning targets should be reduced from 79 to 31, a drop of 60.8 percent; and the number of guidance planning targets should be reduced from 114 to 65, a drop of 43 percent. Simultaneously, we should realistically strengthen the calculation, guidance, and policy planning.

It is necessary to reform the investment system and to further delegate the examination and approval rights to lower levels. Prefectures, cities, and the cities under the jurisdiction of the province are allowed to examine and approve, by themselves, the local basic industries and the infrastructural facilities whose construction funds are collected by themselves and whose construction conditions are regulated by themselves, except for large and medium-sized enterprises. To change the situation that the investment in state-owned projects is shared together, we should carry out, in principle, the system that proprietors should assume whole responsibility for the entire process of new large and medium-sized capital construction project starting from planning the projects and collecting capital to repaying capital with interest; and also gradually expand the trial implementation of the shareholding investment method.

Simultaneously, we should accelerate the reform of the financial, labor wage, social insurance, housing, and land usage systems. Through reform, we should be able to solve the deep-layered contradictions in the economic activities and mobilize the enthusiasm of all fronts to promote a fast and sound development of the economy.

Fellow deputies, now the province has entered a new historical period of reform, opening up, and economic construction when the province is politically and socially stable and economically prosperous. The overall situation of the province is good. The 14th party congress defined the orientation of setting up the new socialist market economic system, and the First Session of the Eighth National People's Congress defined the fighting targets in the 1990's. Only when all people of the province work with one heart and soul, fully use various kinds of advantageous conditions and the current favorable opportunities, spare no efforts to keep forging ahead, and do solid work will we be able to smoothly accomplish the 1993 provincial national economic and social development plan and to realize the target of building Hebei into an economically powerful province.

Li Tieying Meets Actors Returning From Taiwan

*OW2006145193 Beijing XINHUA in English 1436
GMT 20 Jun 93*

[Text] Beijing, June 20 (XINHUA)—Chinese State Councilor Li Tieying heard reports here yesterday from the Beijing opera troupes which just ended their visit to Taiwan and praised their visit as a success.

The Beijing opera troupe and China Beijing opera troupe went to perform in Taiwan from April 10.

At the meeting, Li said that it is a part of China's policy of opening to the outside world to promote the cultural exchanges with overseas countries and regions. China will not only study and absorb the world's culture and arts but also introduce its 5,000-year-old national culture and arts to the outside world.

He encouraged the cultural and art circles to reform their structures, promote cultural exchanges with overseas countries and regions and make friends around the world.

He said that the cultural emissaries shoulder the responsibility to let China know more about the rest of the world and let the outside world know more about China.

He said that the Beijing opera troupes need to implement reform while they face a shortage of funds and irrational structure. He hopes that cultural circles will speed up reform to invigorate Beijing opera and make literature and art prosper.

Taiwan Has Trade Surplus With PRC, Hong Kong

*HK1806152093 Beijing ZHONGGUO XINWEN SHE
in English 1435 GMT 18 Jun 93*

[Text] Hong Kong, June 18 (CNS)—According to Taiwan's "Central Bank", between 1991 and the end of March, 1993, Taiwan had a favourable balance in its trade with the mainland and Hong Kong of U.S.\$25.6 billion.

According to the bank's recent statistics, from 1991 to the end of last March, Taiwan's exports to the mainland and Hong Kong were valued at U.S.\$30.9 billion while imports were U.S.\$5 billion, creating the favourable trade balance of U.S.\$25.6 billion. Taking into consideration its investment and tourist spending as well as remittances to the Mainland and Hong Kong, Taiwan had a favourable net balance of U.S.\$8 billion in income and expenditure with the two places.

Official Signs Letter of Intent With U.S. Firm

OW1906095293 Taipei CNA in English 0754 GMT 19 Jun 93

[Text] Taipei, June 19 (CNA)—The Republic of China [ROC] and Motorola Inc. have signed a letter of intent on strategic alliance to develop communications markets and electronic technologies.

Vice Economic Affairs Minister Yang Shih-chien, who signed the letter of intent on behalf of the ROC, said "Motorola is planning to develop its Taiwan production plant into an Asian Pacific regional operation center regarding communications and electronic technologies." Motorola was represented by Chairman George Fisher.

Hailing the letter of intent as a milestone in setting up a long-term relationship with Motorola, Yang said he realized that the move is only the beginning of more similar business alliances to come.

Motorola is the fourth foreign enterprise to forge business alliance with the country after AT&T, General Electric and Carpenter.

The most salient point of the letter of intent is that Taiwan agrees to participate in Motorola's "iridium project"—a global satellite mobile communications system.

Under the U.S.\$4 billion project, Motorola, the governments and private institutions of 20 countries in the world will work together to launch 66 satellites to form a global satellite mobile communications system, which will enable people of the world to communicate with each other via cellular phones or portable computers.

The project, running from 1993-1998, involves production of rockets, satellites and other relevant communications equipment.

Motorola established a plant in the northern city of Chungli eight years ago to produce semiconductors, integrated circuits and electronic parts for radio communications. With a local payroll of 2,600, Motorola is the largest radio communications manufacturer in Taiwan.

Island To Allow 20 Mainlanders To Immigrate

OW2306090193 Taipei CNA in English 0803 GMT 23 Jun 93

[Text] Taipei, June 23 (CNA)—The government will allow 20 Mainland Chinese to immigrate to Taiwan in 1993, according to the Mainland Affairs Council (MAC).

In the published 1993 quota for mainlanders allowed to stay in Taiwan, MAC said six of the 20 openings will be available to those with "special political background", with the remaining going to mainlanders engaging in economic, cultural and educational activities and technological research.

MAC defines the people with special political background as those who might be prosecuted by Beijing for taking part in the mainland's pro-democratic activities. MAC said Nobel Prize winners, medalists in the Olympic Games, gold medal winners in the Asian Olympics and their coaches, as well as international academic prize winners are eligible to apply for staying in Taiwan.

Exports to Europe Decline in 1993

OW2306085793 Taipei CNA in English 0815 GMT 23 Jun 93

[Text] Taipei, June 23 (CNA)—Republic of China [ROC] exports to Europe in the first five months of this year totaled US\$5.67 billion against imports of US\$5.685 billion, Board of Foreign Trade (BOFT) statistics showed.

The export decline is most significantly seen in Italy with US\$153.6 million, a 30.1 percent plunge; followed by France with US\$99.1 million, a 17.3 percent decrease; Spain with US\$83.6 million, off 29.2 percent; and Germany with US\$43.7 million, down 2.8 percent, according to the statistics.

Positive export growth was only seen in Ireland, Belgium and the United Kingdom. During the January-April period, exports to Britain registered negative growth, but in May exports increased and now register a two percent growth, statistics show.

BOFT figures calculate exports to Europe in January totaled US\$1.11 billion; February, US\$1.03 billion; March, US\$1.22 billion; April, US\$1.04 billion, and May, US\$1.27 billion.

The export decline was attributed to the worsening economy in Europe, shrinking demand and low purchasing power of Europeans, and cut-throat competition from Southeast Asian countries, BOFT officials pointed out.

They recommended the nation upgrade industrial structure, promote high value-added and high quality products, and set up footholds in the European market to control the market share of made-in-Taiwan products.

Economy Expected To Grow 6.6 Percent in 2d Half

OW2106091093 Taipei CNA in English 0746 GMT 21 Jun 93

[Text] Taipei, June 21 (CNA)—Taiwan's economic growth is expected to reach the target rate of 6.6 percent in the second half of this year if Mainland China can maintain a steady growth, an official of the Ministry of Economic Affairs said Sunday [20 June].

The official tied the ROC's [Republic of China] economic growth in the second half of this year with Mainland China's performance because if Beijing tightens its economy to prevent overheating and ease inflationary pressure, Taiwan's exports will be adversely affected.

During the first five months of 1993, Taiwan's manufacturing industry showed a zero growth but exports remained bullish due to the depreciation of the NT dollar, the official said.

Taiwan's economic growth in the first quarter of this year was 6.22 percent. The projected growths in the second, third, and the fourth quarters are 5.88 percent, 6.58 percent, and 6.61 percent respectively.

The official said the government should try to raise Taiwan's industrial level and emulate Japan's management and marketing methods to ensure Taiwan's competitiveness.

Hong Kong

PRC, UK Open Sixth Round of Hong Kong Talks

HK2306041593 Hong Kong AFP in English 0323 GMT 23 Jun 93

[Text] Beijing, June 23 (AFP)—China and Britain opened a sixth round of talks here Wednesday on a dispute over democracy in Hong Kong.

The negotiations, held at the Diaoyutai State Guesthouse, are mainly aimed at reaching a consensus on the arrangements for the British colony's last elections before it reverts to China in 1997. Talks began two months ago but have yet to produce an agreement.

Beijing has rejected a plan put forward by Hong Kong Governor Chris Patten to broaden Hong Kong's electoral franchise before the handover, saying he has violated earlier agreements between London and Beijing. Bilateral talks were suspended for six months because of the dispute.

(In Hong Kong, Patten said in a newspaper interview that he wanted to see the talks result in a guarantee that legislators elected in 1995 will be able to serve their full four-year terms.

(Beijing has warned it might form a new Legislative Council immediately after the 1997 takeover—thus enabling it to ban popular liberal lawmakers known for opposing one-party communist rule on the mainland.

(Patten also told the Chinese-language HONG KONG ECONOMIC JOURNAL that it would boost confidence in Hong Kong if Britain and China agreed that all seats in the Legislative Council would be directly elected in 2007.

(Only 18 of the council's 60 seats are currently filled by direct election. The rest are occupied by representatives of business sectors and special interest groups, and by government appointees.)

Negotiators Voice 'Optimism'

HK2306052293 Hong Kong AFP in English 0353 GMT 23 Jun 93

[Excerpt] Beijing, June 23 (AFP)—China and Britain voiced optimism Wednesday that a dispute over democratic reform in Hong Kong would be successfully resolved as a sixth round of negotiations began here.

"It's like climbing a high mountain, of course it is not an easy thing," the Chinese negotiator, Vice Foreign Minister Jiang Enzhu, said of the talks.

"Both our two sides are now working very hard. So long as both sides have determination and perseverance and make joint efforts, we will be able to accelerate the pace of our talks and eventually we will successfully get to the top of the mountain," Jiang added.

The British negotiator, Ambassador Sir Robin McLaren, said he agreed with Jiang's assessment.

"So long as both sides have the will, and I'm sure we do have, and so long as we show ourselves to be positive and constructive in considering each other's ideas, I'm sure we shall be able to make progress," McLaren said. [passage omitted]

XINHUA Reports on Talks

OW2306060793 Beijing XINHUA in English 0553 GMT 23 Jun 93

[Text] Beijing, June 23 (XINHUA)—The government representatives of China and Britain today began their sixth round of talks on the arrangement for the 1994/1995 election in Hong Kong here today.

Chinese Vice-Minister of Foreign Affairs Jiang Enzhu and British Ambassador to China Sir Robin McLaren started the talks on behalf of their respective governments.

As usual, Jiang and McLaren talked to journalists for five minutes before their official meeting.

Jiang said: "We have all along committed to the maintenance of prosperity and stability of Hong Kong as well as its smooth transition in 1997."

He said the talks, which are proceeding in a normal way, are just like climbing a high mountain. "This is of course not an easy thing," he said.

He continued that both sides are working very hard. "So long as we have the determination and perseverance, and make joint efforts, we will be able to accelerate the pace of talks and finally get to the top of the mountain successfully," he added.

McLaren said he agreed with Jiang, adding that he is looking forward to the sixth round of talks, and hopes to make progress in this round and carry out the important tasks with which the two governments have entrusted them.

When asked about the progress of the talks, Jiang replied that the two sides have reached an agreement that they will keep secret about the developments of the talks. The Chinese side will strictly act in accordance with this agreement.

The two sides have agreed that the present round of talks are still based on the Sino-British joint declaration, the principle of convergence with the Basic Law for the Hong Kong Special Administrative Region and agreements and understandings reached between the two countries.

UK May 'Alter Its Stance'

HK2306065393 Hong Kong AFP in English 0626 GMT 23 Jun 93

[Excerpt] Beijing, June 23 (AFP)—China and Britain voiced optimism Wednesday that a dispute over democratic reform in Hong Kong would be successfully resolved, as a sixth round of so far fruitless negotiations began here.

The British negotiator, Sir Robin McLaren, dismissed speculation in Hong Kong that the atmosphere of the talks had deteriorated. But he suggested that the British Government might alter its stance during a cabinet-level meeting scheduled in London for July 1.

The meeting, which is to include Prime Minister John Major, Foreign Secretary Douglas Hurd, Hong Kong Governor Chris Patten and McLaren, "will review the talks and obviously positions will then be taken," he said.

"The stories that have been in some quarters of the media about the state of the talks are rather far from the mark," said McLaren, Britain's ambassador to China. "There was absolutely no problem about (the atmosphere) at all."

The Chinese side was equally upbeat. [passage omitted]

Joint Liaison Group Talks 'Pretty Marginal'

HK2306083093 Hong Kong AFP in English 0751 GMT 23 Jun 93

[Text] Hong Kong, June 23 (AFP)—The first Sino-British meeting in six months on technical aspects of Hong Kong's transition to Chinese sovereignty in 1997 ended Wednesday with no agreement on substantive issues, the British side said.

The Joint Liaison Group had been expected to make progress on the thorny issues of military land in the colony and a much-needed ninth container shipping terminal.

But British team leader Anthony Galsworthy said the Chinese side was not interested in moving ahead on either issue.

"The results have been ... pretty marginal," he told a press conference.

The diplomatic body's work had been in limbo since December due to Chinese anger over Governor Chris Patten's political reform proposals for Hong Kong.

In a communique both sides said another meeting would take place, but they failed to agree on when or where.

Group Discusses Issues

OW2306113593 Beijing XINHUA in English 1122 GMT 23 Jun 93

[Text] Hong Kong, June 23 (XINHUA)—The Sino-British Joint Liaison Group held its 26th meeting here from June 21 through today.

According to a joint communique, the group had a further discussion about the future of lands which are now in use for defense purposes in Hong Kong; franchises and contracts extending beyond 1997 and related matters; mutual legal assistance in criminal matters between Hong Kong and certain countries; surrender of fugitive offenders agreements between Hong Kong and relevant countries; localization of laws; adaptation of laws; the implementation of the provisions of the joint declaration relating to the right of abode in Hong Kong after 1997; transitional

arrangements for Hong Kong travel documents; visa abolition agreements; civil servants' pensions guarantees; and reciprocal enforcement of judgements between Hong Kong and foreign countries.

The group discussed matters relating to Hong Kong's international rights and obligations and reached agreement on the continued application to Hong Kong after 1997 of one international treaty in the category of science and technology.

The two sides had a further exchange of views on Hong Kong's air service agreements and made progress, the communique said.

The group had an exchange of views on investment promotion and protection agreements between Hong Kong and relevant countries and made progress, it said.

The next meeting of the Joint Liaison Group will take place at a time and place to be agreed by the two sides.

Editorials, Reports on UK-PRC Talks

UK 'Has Practiced Fraud'

HK2306062793 Hong Kong WEN WEI PO in Chinese 22 Jun 93 p 2

[Editorial: "Why Does the British Sides Not Know the Meaning of Sincerity?"]

[Text] The Sino-British talks face numerous difficulties as the British side lacks sincerity and is continuously playing little tricks. In an attempt to shirk responsibility, the British representative to the talks said that the British side does not know what to do to meet the sincerity demanded by the Chinese side. According to his words, the UK does not know what sincerity means and that is the reason why the British side has not taken action.

"What does sincerity mean?" This should not have become a question for the British side. It was clearly stated in the press communiques agreed by China and the UK that the talks on the arrangements for the 1994/95 elections would be based on the Sino-British Joint Declaration, convergence with the Basic Law, and the agreements and understandings reached between the two countries.

British diplomatic officials took part in the drafting and also accepted the press communique. The British side knows exactly the reason for including the "three conformities" principle and that violations of the "three conformities" means a lack of sincerity.

The current Sino-British talks are aimed at resolving the question of whether agreements reached between the two countries still stand; when the two sides have reached agreement, it will be necessary for the two sides to cooperate and implement it and ensure a smooth transfer of government and a smooth transition. The British side had agreed to hold talks based on the "three conformities," but said that the seven letters exchanged between the foreign

ministers of the two countries in 1990 were merely opinions rather than agreements. Can this be regarded as sincerity? How can the arrangements for the 1994/95 elections be settled if the British side breaks faith and is not willing to act according to the understandings reached between the two sides and the promises it has made?

The British do not hold that the seven letters exchanged between the two foreign ministers are agreements. Instead, the UK wants to stick to the Patten package, which does not converge with the Basic Law, in an attempt to obstruct the talks. How can this knot be untied? The only way out is to restore faith. The British side must affirm its commitment to convergence with the Basic Law and the agreements reached between the foreign ministers of the two countries. It is regrettable that the British side does not hold that the seven letters are agreements and also refuses to converge with the Basic Law. It was shocking indeed for Osborne, the British Foreign Office spokesman in Hong Kong, to publicize the British side's negotiating methods during the talks and to assert that the British side did not hold that the seven letters are agreements. On 1 June, Alastair Goodlad, British Foreign Office minister with special responsibility for Hong Kong, Southeast Asia, Australasia, and the Pacific, went further to claim that, even though agreement had been reached between China and the UK, the Legislative Council had the right to reject and revise an agreement. Hence, the two countries would have to hold talks again.

Flatly denying agreements reached in the past and unwillingness to implement current agreements in the talks show that the British side has no sincerity at all. The British side has practiced fraud. It was unwilling to abide by agreements reached and then it demanded an exorbitant price and called for talks. When the Chinese side realized the deceptive means of its British counterpart and seriously pointed out the question of keeping promises. The British side acted shamelessly, saying that it did not know what the promises are and what sincerity is and that "time should not be wasted on sincerity" at the negotiating table. What is it up to?

The British side also released news through the *FINANCIAL TIMES* that Major is "impatient" about the talks and that he will hold a cabinet meeting on 1 July to see whether the talks "are a waste of time." These words and deeds show that the British side has no sincerity. It has run counter to the three conformities, stuck to the Patten package, and used lame arguments to say that all this does not constitute a waste of time. Conversely, China, which adhered to the principle of "three conformities" agreed by the two sides, has been blamed for wasting time. What are these unspoken words of "impatience"? Does it mean creating obstacles to the talks, stalling for time, setting a time limit on the talks, and finding excuses for the British to undermine the talks and unilaterally implement the Patten package bit by bit?

To date, the British side is still stubbornly sticking to the position it has argued with China over the previous eight months and has taken on the Patten package to demand an

exorbitant price in a bid to have control over Hong Kong's political regime after 1997. This will only lead to a stalemate and wasted time to attain the goal of the British side in rejecting consultations and cooperation with the Chinese side to ensure a smooth transfer of government in light of Annex II of the Sino-British Joint Declaration and gradually to fulfill Patten's plan for "withdrawing with dignity and honor" and making arrangements for pro-British forces to assume power.

Let us see how the 1 July cabinet meeting introduces the customary tactics the UK has applied while withdrawing from its colonies to confuse the situation and maximize its interests. As a matter of fact, Patten has not brought any good news to Hong Kong when he has gone back to London on three previous occasions. Instead, he stirred up greater confrontation and deadlock.

Progress 'Slow' in Talks

HK2306080093 Hong Kong HSIN PAO in Chinese 22 Jun 93 p 5

[Unattributed report]

[Text] As informed source close to the Executive Council has revealed that the biggest obstacle to the Sino-British talks at present is China's unwillingness to propose detailed arrangements for constitutional reform, thus making the talks process very slow. However, as the talks have entered a substantive period, they will not break up easily.

The source confirmed that the British side made many demands during the first round of talks, including the following: councillors elected in 1995 should be allowed to board the "through train"; the electoral committee for the Legislative Council [Legco] and the electoral committee for the special administrative region [SAR] chief executive should be formed in the same way; the British side should have an influence in the formation of the SAR Preparatory Committee in 1996; and the Chinese side should undertake to allow general elections for the Hong Kong legislature by the 2007.

As revealed, the Chinese side has only expressed willingness to discuss the "through train" issue, while the other demands need not be discussed because they have nothing to do with the British side. During the first three rounds of talks, the Chinese side only concentrated on explaining the "three conformities" principle and urged the British side to give up Chris Patten's constitutional reform package.

During the fourth round of talks, the Chinese and British sides agreed to discuss detailed arrangements for the 1994/95 elections according to the Chinese side's proposals. During the fifth round of talks they mainly discussed district board elections, during which the Chinese side expressed its opinions on this issue, while the British side indicated a need to wait for the completion of discussions on each detailed topic before it could decide which required concessions and which did not, and that, before this was done, the British side would keep Chris Patten's

constitutional reform package. The Chinese side was quite dissatisfied with this and pointed out that the British side should make concessions on some individual issues and should agree to the Chinese side's principle of showing sincerity by returning to the track of the "three conformities."

According to the original schedule, the Chinese and British sides would have discussed the electoral committee elections, functional constituencies, and other subjects of much dispute during the sixth round of talks. However, after the fifth round of talks, the Chinese side began to think that the British side's stance was too rigid, that it did not admit to the "three violations" of Chris Patten's constitutional reform package, that it played tricks outside the talks, that it exerted pressure on the Chinese side by means of the Legislative Council's ratification of the legal provisions for the Boundary and Election Commission Bill and Legislative Council discussions about electoral arrangements, and that it had ignored the Chinese side's "sincerity" by providing cooperation in the economic field and approving franchise contracts. Therefore, the Chinese side ignited its public opinion apparatus by strongly criticizing Chris Patten again. Last Saturday, a WEN WEI PO editorial revealed some of the British side's attitude at the talks and criticized its unreasonable demands.

A Hong Kong Government official disclosed that the British side's "exorbitant demand for prices" is an oft seen tactic, and the Chinese side's refusal to make "counter proposals" is also a negotiating tactic. This is not a question of sincerity. But the Chinese side has revealed the contents of the talks, so the British side will protest during the sixth round of talks.

An executive councillor said privately that although the atmosphere of the talks is very bad at present, we cannot say there has not been progress, only that progress has been very slow; this situation may change at any time and when the Chinese side expresses its attitude at an appropriate time the talks could make great progress.

As the Hong Kong governor is returning to the UK to report on his official duties, it is possible that the top British leadership will set a time limit on the talks. An informed source close to the Hong Kong Government pointed out that there is no need to worry about the talks breaking down.

UK Lacks 'Sincerity'

HK2306110093 Hong Kong WEN WEI PO in Chinese
23 Jun 93 p 11

[Report: "Zheng Guoxiong Stresses: The Facts Have Proven That the British Side Lacks Sincerity, and the Hong Kong People Have Seen This Very Clearly"]

[Text] Zheng Guoxiong, deputy director of XINHUA's Hong Kong branch, has responded to the remarks about sincerity made by Robin McLaren, the British representative to the Sino-British talks. Zheng said: The British side should be clearly aware which side actually talked about

sincerity in words but did little tricks in deeds, thus creating obstacles to the talks.

Zheng added: Individuals from various social sectors have unearthed the facts in this respect, and the Hong Kong people have also seen this very clearly. Public opinion on this issue is fair.

Beginning today, Zheng said, the two sides will hold the sixth round of talks. As far as the Chinese side's position is concerned, we have been sincere since the beginning of the talks and have taken a conscientious and positive attitude toward every round of talks. We have been hoping that the British side would do the same, not only talking about sincerity in words, but also sincerely consulting with the Chinese side on the arrangements for the 1994/95 Hong Kong elections in accordance with the principle of complying with the Sino-British Joint Declaration, the Basic Law, and the understandings and agreements reached, a principle agreed to by the two sides. Zheng said: If this principle was really observed, I believe the talks would make progress.

Zheng continued: Around the time of the fourth round of Sino-British talks, on 26 May, the Legislative Council passed the Boundary and Election Commission Bill; on 31 May, the Legislative Council's Constitutional Development Panel decided to discuss the political reform package once every two weeks; the British Hong Kong Government gazetted the proposal to merge the electoral districts of Tsim Sha Tsui, Yau Ma Tei, and Mongkok; and so on and so forth. While talking about its desire to settle problems through negotiations, the British side got up to little tricks, thus creating obstacles to the talks.

Concerning the statement that Alastair Goodlad, British Foreign Office minister with special responsibility for Hong Kong, made to the Legislative Council to the effect that the Chinese and British sides will reach a memorandum rather than an agreement subject to amendment by the two sides if it is not endorsed by the Legislative Council, Zheng asked: Does this not amount to placing the Legislative Council in a position above the two sovereign powers? This in no way complies with the basis and principle of the talks, he said.

When asked about the capacity in which the Hong Kong people join the Preliminary Work Organ for the Preparatory Committee of the Hong Kong Special Administrative Region and about how the organ will be organized, Zheng said that the National People's Congress Standing Committee will discuss and study the issue in accordance with opinions that have been expressed by various sectors.

UK Aware of 'Shortcomings'

HK2306101893 Hong Kong WEN WEI PO in Chinese
23 Jun 93 p 2

[Editorial: "If the British Side Has Sincerity"]

[Text] When Robin McLaren said on Sunday [20 June] that "the talks should not spend much time discussing sincerity," the British side realized its own shortcomings.

A member of the Executive Council came out to make up for this image, saying the British side "does have sincerity in the talks." We hope this will not be another show of double-dealing. If the British side has sincerity, it first should change its attitude of "not knowing what sincerity means" and understand that sincerity means implementation of the "three conformities" and making efforts to reach an agreement in light of its commitment to the "three conformities." Instead of evading problems, it should face reality, acknowledge that it still lacks sincerity, change its course, and genuinely show sincerity.

In fact, Hong Kong residents were glad to see the UK reaching an understanding with China on holding talks for the 1994/95 elections based on the "three conformities," and they expected an early agreement. In a recent letter to British Foreign Secretary Douglas Hurd, Elsie Tu, vice chairman of the Legislative Council, urged the UK to hold talks with China based on the understanding reached, rather than go its own way. Otherwise, convergence will be out of the question, which would be harmful to the Hong Kong people. Elsie Tu's views are correct. As the UK has continued saying it will work for the interests of the Hong Kong people, it first should respect the will of the Hong Kong people, earnestly abide by its commitment and the agreements, stop its interference in and disruption of the Sino-British talks, ensure a smooth transition, and maintain Hong Kong's prosperity and stability. If it talks about "working for the interests of the Hong Kong people," but actually breaks faith and creates political turmoil, this will bring only disasters to the Hong Kong people. As the famous Chinese saying goes: "Judge people by their deeds, not merely by their words." Whether the British side has sincerity does not depend on what it says but on what it does, what it is doing at and away from the negotiating table, and how it will implement the "three conformities."

The main topic of the current talks is the arrangements for the 1994/95 elections in Hong Kong. If the British side "does have sincerity," it should affirm the principle of convergence with the Basic Law at the negotiating table rather than insist on its demand for the "through train," which contravenes the Basic Law.

If the British side has sincerity, it should acknowledge that the current talks are being held between the two sovereign powers rather than create a "three-legged stool" and make use of the Legislative Council to meddle in and undermine the talks.

If the British side "does have sincerity," it should acknowledge that the arrangements for the 1994/95 elections should be implemented following consultations and after an understanding is reached with the Chinese side, rather than jump the gun by implementing the Patten package piece by piece or go its own way.

If the British side "does have sincerity," it should affirm the agreements and understanding reached in the seven letters exchanged between the foreign ministers of the two countries, acknowledge the provisions of the Basic Law, and keep the number of directly elected members in 1995 at 20,

rather than adopt means to exceed the limit, including disguised forms of direct election.

If the British side "does have sincerity," it should acknowledge that functional constituency is a form of indirect elections. In light of the existing practice, it should not be turned into direct elections or a disguised form of direct elections. It also should not introduce direct elections for a trade. There were no controversies in the seven letters exchanged between the foreign ministers of the two countries in 1990. Hence, there is no reason whatsoever for the British side suddenly to change the nature and methods of the functional constituencies.

If the British side "does have sincerity," it should acknowledge that the Election Committee must follow the agreements reached between the foreign ministers of the two countries through the seven letters, and its formation should conform to the proportion and composition stipulated in article two of Annex I of the Basic Law.

If the British side "does have sincerity," it should affirm that elections of the district boards and two urban councils should confirm to Article 97 of the Basic Law; it should define the nature of regional organizations, which is that they are not organs of political power; still less should it change the local elections and let the directly elected district board members form the Election Committee for electing the 10 members to the Legislative Council. It is necessary to maintain continuity in the 1994 local elections.

If the British side "does have sincerity," it should maintain the executive-led government in light of Articles 48 and 62 of the Basic Law rather than develop a legislative-led government or covertly allow the Legislative Council members to seize the policy and decisionmaking power of the executive organs.

If the British side "does have sincerity," it should respect the spirit of developing the political structure in a gradual and orderly way, as stipulated in the Basic Law and its Annex, and change its mistaken practice of introducing drastic reform in a bid to undermine the principle of proceeding in a gradual and orderly way. The Patten package introduces a drastic reform of the political structure and a sharp increase in the number of directly elected members; changes the nongovernmental nature of regional organizations; repudiates the agreements and understanding reached between the foreign ministers of the two countries through the exchange of seven letters; and violates the relevant articles and stipulations of the Basic Law on directly elected seats, the methods and nature of functional constituencies, and the formation and composition of the Election Committee. If the British side "does have sincerity," it should change its position of stubbornly adhering to the Patten package.

The sixth round of Sino-British talks, which starts today, will be another test to show whether the deeds of the British side match their words. If the British side has sincerity, it should exhibit some satisfactory performance with regard to the above-mentioned questions. Otherwise it will prove that the British side is deceiving the public, that China's criticism of a lack of sincerity on the British side is correct, that the Chinese side has not overemphasized the question of sincerity, and that McLaren dare not talk about sincerity because it touches the British side's sore spot.

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